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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

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Moscow-Tehran-Baghdad Oil Axis Seen in Works

MK1110123094 Moscow KOMMERSANT-DAILY in Russian 11 Oct 94 pp 1, 4

[Report by Georgiy Bovt under the "Situation in Gulf Area" rubric: "Oil Brings About Rapprochement Between Moscow, Baghdad, and Tehran"]

[FBIS Translated Text] On 6 October the Iraqi Government announced that it was severing relations with the UN special commission. Right after that, Iraqi troops started moving to the Kuwaiti border: a nearly 80,000-strong force massed near the demilitarized zone. The UN Security Council issued a statement 8 October saying that Baghdad is obliged strictly to adhere to UN resolutions. The United States made it clear what will happen if it does not comply: aviation, naval ships, and some 36,000 troops are being moved to the region. Despite military preparations in the region, however, one gets the impression that all the goings-on there are a bluff with an economic and geopolitical bottom line. Georgiy Bovt comments on the developments.

The most intriguing report on events in the Gulf area has come from Moscow. While news agencies were reporting the concentration of Iraqi troops near Kuwait, Safa Hadi Jawad al-Habubi, Iraqi oil industry minister, arrived in Moscow. He was scheduled to discuss oil projects (the implementation of which is planned to go ahead immediately once UN sanctions are lifted) with the LUKoil and Rosneft companies. The visit, which had been planned in anticipation of an early lifting of the sanctions (Russia's view that they have become outdated is shared by many in the United Nations), did take place after all, although now that the military situation has deteriorated the lifting of the sanctions is beginning to look nearly ephemeral. It cannot be ruled out, however, that apart from oil and the Iraqi debt to Russia ($7 billion), Saddam Husayn's emissary does have something to discuss in Moscow.

Russia, for its part, remains pointedly calm as it persuades Baghdad to "soften its stance" in an amicable way: this was said in the 9 October message to Iraqi Foreign Minister Muhammad Sa'id al- Sahhaf. Andrey Kozyrev also expressed his view yesterday, noting that "the possibility of solving the problem by diplomatic means still exists." He said that appropriate contacts have been maintained with U.S. Secretary of State Warren Christopher and with members of the UN Security Council. One gets the impression that Moscow is not inclined to dramatize the situation at all: yesterday the Foreign Ministry gave a "leak" to the RIA news agency. Citing a "high-ranking" and, of course, anonymous diplomat, it said that "the Iraqis are softening their line on the border with Kuwait" and are ostensibly about to stop. It turns out that all the goings-on are simply a bluff. On the surface, the developments near the Kuwaiti border are reminiscent of August 1990: then, also during exercises, the Iraqi troops "by chance" found themselves on an hour's march from the emirate. As was the case at the time, T-72 tanks and 130- mm howitzers have now been sighted massing in southern Iraq. Saddam Husayn's troops are within 20 km of the border (the demilitarized zone begins 10 km off the border on the Iraqi side and 5 km on the Kuwaiti side). The United States maintains an air of determined resolve, making it clear that it is playing in earnest. Still, according to Ross Perot, they knew about Baghdad's maneuvers as early as two weeks ago. Clinton ordered 36,000 soldiers into the Gulf area, another 16,000 are in reserve. The aircraft carrier George Washington and ships armed with Tomahawk missiles have entered the Gulf, and planes carrying AWACS systems are hovering over them. Pentagon chief William Perry acknowledged that Husayn would not strike at Kuwait till the end of the week. But there are grounds to suggest that he will not strike at all.

Clinton's actions are, of course, understandable: the Haitian operation appears to be insufficient to prop up his administration's prestige on the eve of the congressional elections. It lacks scale. One needs something like "Desert Storm," which handed George Bush a triumphant success. Meanwhile, it is quite evident that the Americans will not be able to topple Husayn all the same (nor will they want to, as they could not and did not want to in 1991). Moreover, they do not need a full-scale war at this stage at all. Given that, so swift a military reaction to Husayn's "exercises" is also understandable: when Bush really wanted to strike in 1991, he gave Iraq enough time to expose itself as the aggressor. This time, they are deliberately moving to preempt Baghdad. Another possible dividend from the U.S. action is the assertion of its military presence in a region that is becoming one of the world's key areas.

But why would Husayn set himself up at this stage? Political possibilities to seek the lifting of the sanctions have been far from exhausted, while Russia's assistance (as the assistance of France and China) in the effort would have been guaranteed. Apparently, internal reasons were at play—food rations have become utterly deficient, and the Iraqi people had to be propped up by "the crutch of patriotism" in the struggle against an outside enemy. But, possibly, there are deeper geopolitical calculations behind Husayn's actions. By betting it all, he is mobilizing anti-American and anti-Western sentiments in the region. Moreover, he is already scoring points in the game: Iraq's archenemy, Iran, said yesterday that the sanctions need to be lifted from Baghdad. Saddam Husayn cannot but take into account the fact that Russia's line of conduct would be different from January 1991: at present Moscow has a feeling that it is ceding its geopolitical positions in the region virtually without resistance. This trend has already manifested itself in Moscow's loss of the Caspian oil shelf development contract signed by Azerbaijan. Moscow is also reacting painfully to the broadening of Turkish influence in the region (just as the implementation of the "Gyulistan contract," this also worries Iran, which does not wish to see the strengthening of Western positions in the region). In this situation, the—so far shady—outlines of new geopolitical alignments could emerge propelled by the desire to resist the expansion of Western influence in the region (primarily in the area of oil development). Of course, talking about the already existing Moscow-Tehran-Baghdad axis would yet be premature. The possibility of its emergence in the future, however, cannot be ruled out.

ITAR-TASS Carries Press Review for 12 Oct

LD1210080594 Moscow ITAR-TASS in English 0556 GMT 12 Oct 94

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow October 12 TASS—The Russian press highlights reports about the sharp drop in the rouble exchange rate at the Moscow Interbank Currency Stock Exchange. The majority of Moscow-based newspapers publish reports about it on front pages under conspicuous headlines. "Scandalous downfall of the rouble. Will the government manage to stop it?", the IZVESTIYA daily writes. Yesterday's drop in the rouble exchange rate by 845 points might lead either to the change of monetary coupons, or to the change of the government," KOMSOMOLSKAYA PRAVDA said. NEZAVISIMAYA GAZETA pointed out that "the currency crisis in the country might turn into a political one." "The rouble is almost invisible," the PRAVDA daily said.

ROSSIYSKAYA GAZETA describes the sharp increase of the dollar against the rouble on Tuesday as the biggest downfall of the rouble throughout the entire history of the Russian stock exchange. KOMSOMOLSKAYA PRAVDA comments on the situation on the currency market, saying that "getting rid of the rouble in a fever of impatience is no other than panic." The newspaper went on to say that the government of Viktor Chernomyrdin was deprived of the only strong argument in its favour - low inflation rates in the country and predictable dynamics of the dollar exchange rate. At the same time ROSSIYSKIYE VESTI drew attention to the fact that the sweeping downfall of the rouble caused serious concern among western financial circles. The PRAVDA daily quoted chairman of the State Duma Ivan Rybkin as saying that "the situation in the country will develop adequately to the situation in the economy."

ROSSIYSKAYA GAZETA publishes a report received from its correspondents on the Kuril islands about measures which are being taken to eliminate after-effects of the earthquake." The most important thing for the people now is that the country is by their side, doing everything possible to help them," the report said.

The IZVESTIYA daily said that judging by reports which came from the presidential entourage, Yuriy Skokov is considered to be a real candidate to one of the key posts in the government. He is said to have a real chance of being appointed a vice-premier or the economics minister, IZVESTIYA said. The newspaper reminded of the fact that during recent talks between the Russian Prime Minister Viktor Chernomyrdin with Kiev officials the sides had failed to resolve the problem of the Ukrainian debt. In this connection, the newspaper pointed out that this problem might be put as "number 1" on the agenda of the Russian President Boris Yeltsin's visit to Ukraine due in November.

NEZAVISIMAYA GAZETA carries an article outlining a report made by the Ukrainian president to the parliament about fundamental principles of social and economic policies. The newspaper says that Leonid Kuchma "suggests a strategy of reforms" and "hopes for the support of the deputy's corps".

The Red Star daily published a report from Minsk, saying that the former Byelorussian [Belarusian] Defence Minister Pavel Kozovskiy and other generals removed from their posts by the presidential decree are switching over to the opposition to the Byelorussian president. The newspaper reminded of the support given by the Russian President to the Azeri President Geydar Aliyev in a telephone conversation, saying that "the move inspires hope that in the long run, Russia And azerbaijan will reach mutual understanding" on the problem of a project for the development of oil deposits in the Caspian Sea.

The newspaper RABOCHAYA TRIBUNA highlights preparations for a protest action scheduled to be held by trade unions on October 27.

The press devotes considerable attention to the aggravation of the situation on the border between Iraq and Kuwait and a decision adopted by Iraq to remove its troops from the border line. At the same time the Red Star daily writes that there are no signs yet that the Iraqi troops are being withdrawn. NEZAVISIMAYA GAZETA says that the United States continues to build up military contingents near the Iraqi territory. In this connection, PRAVDA writes that the building up of the U.S. military presence in Kuwait causes concern that the United States intends to attack Kuwait in the event of any developments in the region.

The Red Star daily publishes an interview with the commander-in- chief of the Chilean Air Force, General Ramon Vega, expected to visit Moscow at the invitation of the Russian defence minister, in which the Chilean general emphasized the importance of contacts between representatives of the air force of the two countries.

Kozyrev Warns Against 'Overreaction' in Gulf

LD1110175394 Moscow INTERFAX in English 1535 GMT 11 Oct 94

[FBIS Translated Text] Russian Foreign Minister Andrey Kozyrev speaking at the end of talks with his Brazilian counterpart Selso Amorim in Moscow on Tuesday has warned against laying it on thick as far as the Gulf situation was concerned.

He said Moscow which was in permanent contact with Iraq had received assurances from Baghdad that Iraqi troops were going back to their bases after ending exercises close to Kuwaiti borders.

The minister spoke of Moscow's commitment to Security Council resolutions on a postwar settlement in the Gulf. "Russia is keen to see Iraq comply with those resolutions. But we are also keen to see that the international sanctions against Baghdad are gradually relaxed as it complies with the U.N. resolutions", Kozyrev said.

He said Russia was already preparing for a period when the sanctions were lifted. The minister made it clear that Iraqi Oil Minister Safa' Hadi Jawad's current visit to Moscow was one indication of this. "The problem of Iraqi debt to Russia is there and must be resolved", Kozyrev said.

He hopes the Americans will refrain from overreaction to the Iraqi issue in future. "It makes no sense to try to corner Iraq. On the contrary, Baghdad must be encouraged in every way as far as the implementation of Security Council resolutions is concerned", Kozyrev said.

Karasin Comments on Gulf Situation

LD1110180694 Moscow INTERFAX in English 1535 GMT 11 Oct 94

[FBIS Transcribed Text] Russia believes the situation in the Persian Gulf zone must not be allowed to spin out of control, Russian Foreign Ministry's spokesman Grigoriy Karasin told a briefing in Moscow on Tuesday.

Within the framework of the Russian leadership's active search for a political solution to the problem, on instructions of Russian President Yeltsin, First Deputy Russian Foreign Minister Igor Ivanov and Russian Foreign Ministry Director of the Middle East and North Africa Department Viktor Posuvalyuk will leave on Tuesday for Iraq and later for Kuwait, he said.

According to Karasin, due to the dangerous developments in the region, Russia seriously warned Baghdad against any steps which could further escalate tensions. Baghdad should harbor no doubts concerning Russia's stand. To resort to force or threat of force lacks prospects, he said.

He said that Russian representatives at the United Nations and in contacts with the Kuwaiti leadership confirmed the support of sovereignty of the state and of relevant decisions of the Security Council concerning the demarcation of the Kuwaiti-Iraqi border.

Karasin said that particularly regretful is the fact that the situation aggravated on the eve of the Security Council's session scheduled for October 10, where it is planned to take a decision on monitoring Iraqi military programs which would open up way for the lifting of sanctions imposed on Baghdad.

It is inadmissible that the results achieved by the Security Council and its special commission for disarming Iraq be futile, said Karasin.

It is ever more important that all the parties involved, primarily Iraq, show restraint and avoid the activities which could aggravate the crisis further.

Karasin believes important Baghdad's decision to withdraw troops from the border with Kuwait. "On Tuesday Iraqi Ambassador in Moscow handed over to us an official letter confirming Baghdad's decision on the troops withdrawal," he said.

He said that Moscow is still convinced that it is necessary to seek further political and non-confrontational ways out of mutual accusations and distrust, which so far prevented the implementation of the UN Security Council's decisions on the post-crisis settlement in the Gulf zone.

Russia intends to continue active efforts to achieve lowering of tensions. We expect that all those who are interested in the stability in the region will act in this direction, said Karasin.

Clinton Remarks Seen as 'Ultimatum' to Saddam

MM1110154694 Moscow IZVESTIYA in Russian 12 Oct 94 p 3

[Report by Vladimir Nadein: "Bill Clinton Celebrates Two Victories—One Secured Over Haiti, and One Expected Over Saddam"]

[FBIS Translated Text] Washington—U.S. President Bill Clinton delivered an address to the nation Monday evening, in which he announced two victories—one that has just been secured, and one that is on the way and that he does not intend to concede.

The news of the first victory came from Haiti. General Raul Cedras has resigned. The return of the exiled President Aristide, planned for 15 October, will take place on schedule. On leaving the country, the general called on his supporters to cooperate with the U.S. Army "in building a new country."

When former President Jimmy Carter was trying to persuade Cedras to offer no resistance to the U.S. Army, he uttered various reassuring words. But nobody except the kind-hearted Carter himself believed this. Cedras could not insist on having his own way in a country occupied by enemies. Nonetheless President Clinton described his acceptance of voluntary exile as a major success.

However, American public opinion is still very skeptical about the success of the Haiti intervention. Recent polls have shown that only 43 percent of those polled regard the operation in Haiti as a success, and 48 percent as a failure.

In these conditions, the tough line on Iraq, beaten and yet unbeaten, was preprogrammed. All and sundry are accusing President Clinton of irresoluteness. They remind him of Somalia, where his predecessor Bush sent in the troops; Bosnia, where he is allegedly afraid of taking a tough stand against Russia; and China, which has done nothing to improve the human rights situation, yet which was granted most-favored-nation trading status in full, and not, like Russia, with reservations.

However, Iraq is a special case. Iraq is America's military glory restored. Here there is nothing for Clinton to do but to make the thrust forward at the enemy.

Although the Iraqi UN representative announced the pulling back of the troops from the border, President Clinton did not take this gesture as the signal for reconciliation. We need facts not promises, deeds not words, he stated in his address. Iraq will not be allowed to ignore the United States and the international community. America did not dispatch a mighty military force to the Persian Gulf region merely in order to bring it back again.

The Iraqi UN representative gave this explanation of the actions of his master Saddam Husayn. Iraq is under pressure from unjust economic sanctions. The people are suffering from a great many shortages. Husayn simply wanted to draw attention to his country's problems.

"Iraq knows what to do for the sanctions to be lifted," Bill Clinton said. He recalled that the UN Security Council resolution links the sanctions with the ending of the oppression of the Kurds in the north and the Shiites in the south, as well as recognition of Kuwait's independence and sovereignty. Until Iraq fulfills the UN conditions in full, the American President said, the sanctions will continue.

The billionaire Ross Perot, former independent candidate for the U.S. presidency and sole public critic of the White House's Iraq policy, claims that the instantaneous strengthening of U.S. military might in that region has a political subtext. The Iraqi people are suffering, Perot said in a television interview. The problem is not the Iraqis, but Saddam Husayn. Given the will, that problem could be resolved in two or three days, the billionaire claimed. By means of gesticulation and mime, he left no doubt that the CIA should take care of the Iraqi ruler's fate.

The billionaire probably has a rather exaggerated opinion of the omnipotence of the U.S. special services. As the newspapers report, in the past six months there have been six armed attempts to eliminate Saddam Husayn, and all of them failed.

Clinton's remarks, in words and essence, were scarcely distinguishable from an ultimatum to the Iraqi president. If, on this occasion, the White House incumbent shows the resolve that he is constantly accused of lacking, flames will spring up in the Near East once again. To all appearances, Husayn is simply not capable of fulfilling the UN demands. Leniency toward the Kurds will instantly provoke the secession of the northern provinces. The Shiites, freed from police pressure, will immediately detach a part of the south. Too many Iraqis have suffered as a result of their leader's repressions to let slip that sweet moment when Husayn's position becomes shaky and it becomes possible to settle scores for many years of purges and bloodletting.

It is highly probable that the large naval and air forces dispatched to the Near East will have as their first task what desert hero General Schwarzkopf dreamed of. Former President Bush made him resign over his intention of finishing off Saddam in his lair.

Problems Remain in Relationship With U.S.

MM1010113094 Moscow IZVESTIYA in Russian 10 Oct 94 p 4

[Article by Stanislav Kondrashov: "A 'Family' With Pluses, Minuses—and Mines. Comments Following Yeltsin's Meeting With Clinton"]

[FBIS Translated Text] Of the 40-odd topics that Boris Yeltsin and Bill Clinton discussed over three hours last week in the White House garden, Western observers would rank Nagorno-Karabakh among the most important, linking it with Caspian oil and Clinton's New York meeting with Geydar Aliyev. The recurrent theme being that the Caspian oil shelf is a second Persian Gulf in terms of its potential to become a leader in world oil extraction.

A large amount of oil brings large amounts of money and tremendous strategic clout. Will this tacitly affect the U.S. relationship with Russia, which has belatedly protested that Baku has started dividing up the Caspian with the participation of what are predominantly Western oil companies but without Moscow's official participation or consent.

"Azerbaijani leader Geydar Aliyev," THE WASHINGTON POST's UN correspondents wrote from New York, "asked President Clinton to play a more active role in stopping the undeclared war with neighboring Armenia and to help persuade Russia not to oppose the major deal that his country has signed with Western oil companies." "Behind the veil of toasts, receptions, trade agreements, and polite conversation between Bill and Boris tense U.S.-Russian discussions were under way about the great powers' interests in the Caucasus and the new oil 'gold seam,'" Britain's THE GUARDIAN reported from Washington. "They rapidly moved on from discussing the problem of multinational forces to keep the peace between Armenia and Azerbaijan to the subject of laying an oil pipeline and the $7-billion contract concluded by Azerbaijan and eight Western oil companies."

Journalists are accustomed to exaggerating and emphasizing things. The two presidents did not say how strained their conversation on Nagorno-Karabakh and its relationship to the Caspian oil was. But Nagorno-Karabakh did in actual fact take up more time during their meeting than Georgia and Abkhazia or Tajikistan. Why?

It is easy to guess: Because of the proximity of Iran U.S. strategic interests are all the more affected. Via the CSCE's "Minsk Group" Western representatives vigorously oppose Russia's prevailing role in attempts to settle this conflict. Experts see the CSCE mechanism for Nagorno-Karabakh as a screen enabling U.S. interests to be served with "servility."

Thus, with the added oil factor Russian-U.S. disagreements over Nagorno-Karabakh may not fit into the framework of "family" disagreements, to use the image provided by Yeltsin, who compared the two countries' relations to those within a family, with pluses and minuses.

The latest October anniversary relegated to the back-burner the impressions of the Russian president's U.S. trip. It was undoubtedly necessary and successful, developing the partnership nature of relations with the United States and a more realistic, pragmatic approach to them. Yeltsin confirmed the new Russia's right to autonomous positions, to its own frankness and "superfrankness" with buddy Bill. However, for the public at large the televisual form of the Washington meeting clearly prevailed over its business content. It was not only the Russian president who seemed to go too far (in terms of familiarity) with his ostentatious displays of friendship, but also the U.S. President. Clinton copied our habit of men kissing at summits, without obviously having been warned that these kind of interstate relations evoke unique memories and misgivings in Russians.

Since last October and indeed December Yeltsin's position within the Moscow elite is stronger than Clinton's in Washington, but the latter can hardly remember any of his high-ranking foreign guests calling him Bill quite so often and with quite such a lack of formality.

So the dominance of form at the meeting compels me in the interests of the task in hand to return to its substance. The two leaders' equality, visually proved before our eyes, does not hide the difference in the two states' position and rank. That is obvious if you are not lulled by statements about Russia's greatness and strength, which may be necessary to make us feel good but in our current circumstances too obviously present pipe dreams as reality. Needless to say, the claim to equality is backed up by the weighty nuclear argument that Russia inherited from the Soviet Union, but the difference in the two powers' positions is indeed all too obvious in the contradictory nature of their problems, which pertain not to the past but to the present and the future.

One of the main problems is this: Will NATO led by the United States indeed be moved up to Russia's borders, fostering the latter's suspicions and sense of isolation? The USSR's former allies are distancing themselves from Russia, becoming U.S. partners and, what is more, pressing for NATO membership, and are not satisfied with the interim "Partnership for Peace." Russia is objecting, but it was not of course possible to resolve the problem during one sitting in Washington, so it is still up in the air. Moscow's misgivings will only be taken into consideration when it can prove that it is better for U.S. interests not to oppose Russian interests.

Another problem that cannot be resolved at a single sitting involves Russia, the United States, and the CIS and Washington's attitude to the conflicts and integrationist tendencies on the territory of the former USSR. The desire to broaden U.S. influence—via NATO—to Russia's borders comes as naturally to an influential section of the U.S. establishment as its desire to avert—by countering the "imperial threat"—the spread of Russian influence in the post-Soviet area. Whereas television screens were filled with scenes of friendship, during closed briefings for journalists representatives of the Clinton administration set out their task of denying Russia a "free hand" in peacemaking operations on the territory of the former Union republics. Denying it a "free hand" and not providing UN funds for these operations, even though the far richer United States is receiving similar funds to finance the second international phase of its operation in Haiti. Even Russian leaders' superfrank criticism of these "double standards" did not change the situation. The principle that what Jupiter (with UN authorization) can do is not necessarily given to mere mortals is one long familiar to Washington.

"Behind the facade of smiles and bear hugs" Washington observer Jim Hogland noted "worms of doubt" that are "gnawing at the structure of U.S.-Russian relations." The blame is partially laid on the Russian side, for insisting that the semblance of equality be taken for the essence of equality. "This time," the observer wrote, "unlike previous summits, the Americans seem to have been reluctant to take precisely into consideration the depth and acuteness of Yeltsin's Russia's need to be accepted as a great power even if (or perhaps because) it is not true."

In terms of substance, if not form, the once "crucial" summits have become a matter of "routine diplomacy." And that is no criticism but rather a compliment to the latest meeting between the two leaders. Only by means of systematic, regular, routine diplomacy, including diplomacy at summit level, can a complex system of constructive, dynamic equilibrium be established in partnership relations between the two states.

As for having a "free hand" in the post-Soviet area, that will be decided one way or another not by the United States but by Russia itself and its neighbors and by how well-conceived Russian policy is. The U.S. authorities simply do not have the strength or the will or their compatriots' mandate to free U.S. hands there.

Routine and sometimes even tough diplomatic bargaining will be needed to find a reasonable balance of interests between Russia, NATO, and East Europe, which the State Department has renamed Central Europe in order to bring it closer to West Europe and the West as a whole.

It is only via Russia's fitting "civilized" integration into the world economy that suspicions like those engendered by the Baku Caspian oil agreement can be resolved (dispelled) to everyone's satisfaction. Otherwise they represent a time-bomb under Russian-U.S. relations.

In short, after Washington there is still plenty of work to be done.

Saddam 'Trying To Expose Russia' With Visit

MM1110210394 Moscow IZVESTIYA in Russian 12 Oct 94 p 1

[Report by Elmar Guseynov: "Iraqi Minister Arrives To Discuss Projects Which Exist Only in Imagination of Russian Functionaries"]

[FBIS Translated Text] At the height of the latest intensification of the Iraqi crisis an official delegation headed by Iraqi Oil Minister Safa' Hadi Jawad arrived in Moscow from Baghdad for a scheduled visit that nevertheless took many people in our capital by surprise.

The purpose of the visit is to discuss the details of possible participation by Russian oil companies in developing a number of deposits on Iraqi territory and of the construction of an oil refinery and gas pipeline. After the lifting of the sanctions against Iraq, naturally. The hypothetical total value of the contracts is $2.5 billion.

The Iraqi minister plans to meet with the leaders of the major oil companies—"Rosneft," "LUKoil"—and also with Ministers Yuriy Shafranik (Ministry of Fuel and Energy) and Oleg Davydov (Ministry of Foreign Economic Affairs).

Aleksandr Voronin, an aide to Minister Shafranik, informed IZVESTIYA that the visit was initiated by Iraq. The minister's aide expressed doubts that Jawad's visit would end in the signing of any contracts. All the signs suggest that the oil department is not inclined to rush through the resumption of contacts with a government whose prospects are extremely doubtful.

While an anxious world is urgently dispatching troops to the Persian Gulf to counter possible Iraqi aggression, Moscow is planning to discuss cooperation prospects with Baghdad.

However, these talks have now lost all sense. Sanctions against Iraq will clearly not be lifted until Saddam steps down.

And if this happens and new people come to the helm in Baghdad, they will most likely not want to do business with those who gambled on Saddam, who counted on the rehabilitation of the current Iraqi Government in the eyes of the world community. In other words, with Russia. And then we really could give up all hope of our debts being repaid, of arms contracts, and of a share in Iraqi oil projects.

It would appear that the confusion over the Iraqi minister's visit was deliberately planned by Baghdad. The impression is being created that Saddam Huseyn is deliberately trying to expose Russia.

By stubbornly building up ties with Moscow he is trying to place our country on a collision course with the West over the Iraqi problem. In order subsequently to exchange Russian support for the goodwill of the leading Western countries.

PRC Bid To 'Whitewash' Nuclear Test Repudiated

MM1110084194 Moscow KRASNAYA ZVEZDA in Russian 11 Oct 94 p 3

[Report by Manki Ponomarev: "China Carries Out 41st Nuclear Explosion"]

[FBIS Translated Text] For a long time now there have been no test explosions at the nuclear test ranges of various countries of the world. Quiet reigns in Nevada, Semipalatinsk, Novaya Zemlya, and on Mururua Atoll. With just one exception—from time to time seismic waves generated by the liberated atom still spread out many thousands of kilometers from the region of China's Lop Nor lake in the PRC's Xinjiang-Uygur region near the borders with Kazakhstan, Kirghizia, and Tajikistan and also with the Asian part of the Russian Federation.

China conducted its latest nuclear weapons test—the 41st—last Friday [7 October]. This was officially announced by a PRC Foreign Ministry spokesman. According to the Australian seismological center in Canberra, the yield of this underground explosion totaled between 40 and 150 kilotonnes. The previous test was carried out here 10 June.

Announcing the event, a Chinese Foreign Ministry spokesman said that his country "only has a small number of nuclear weapons designed solely for self-defense." Yet other nuclear powers, including those whose nuclear potential is not that great, are strictly adhering to the nuclear test moratorium voluntarily.

Meanwhile in Geneva within the framework of the Conference on Disarmament talks are under way on a total test ban and a corresponding full-scale treaty is being drafted.

There is a further cause for amazement. Having staged the nuclear explosion, the PRC immediately urged the other nuclear powers to "actively respond to China's initiative and urgently begin talks to conclude a treaty on no-first-use of nuclear weapons against one another and nonuse or threat to use nuclear weapons against nuclear-free states and nuclear-free zones." Per se this initiative can obviously only be welcomed. But are more nuclear explosions really necessary to back it up? It is somewhat hard to believe that.

Logic suggests that it is not more tests of mass-destruction weapons that are needed to totally rid mankind of the nuclear threat, nor the continual improvement of these weapons, nor double talk over this, but determined steps to totally ban them and destroy the stockpiles. No matter how China tries retrospectively to whitewash its actions, no one can be misled by this. Nuclear tests should be stopped.

Japanese Official on Kuril Economic Proposal

OW1210061194 Tokyo KYODO in English 0555 GMT 12 Oct 94

[FBIS Transcribed Text] Moscow, Oct. 12 KYODO—Russia has officially asked Japan to join in a plan to set up a free economic zone in its quake-stricken islands off Japan's northern coast, a source familiar with Japan-Russia relations said Wednesday [12 October].

The source said Russian First Deputy Premier Oleg Soskovets conveyed the Russian Government's request directly to Japanese Ambassador to Russia Koji Watanabe on Monday. Soskovets reportedly urged Japan's participation in the project to help bring a constructive solution to the territorial dispute between the two nations concerning the Kurile islands, or northern territories, as they are called in Japan.

Establishing a free economic zone, where foreign enterprises can be given financial help such as low taxes, was originally part of the Russian Government's special plan to develop the disputed islands generally. However, a shortage of funds resulting from Russia's economic crisis forced suspension of the plan.

Following the strong earthquake on Oct. 4, which devastated the islands, however, Russia is believed to have judged that it should take advantage of the timing and request direct economic help from Japan to reconstruct the islands. The Japanese Government insists that such joint development would only be possible when Russia recognizes Japan's sovereignty over the islands, which were captured by the Soviet union in the final days of World War II.

In Tokyo, Chief Cabinet Secretary Kozo Igarashi said Wednesday, "it is difficult for us to accept the proposal for creating a free economic zone on the islands with the condition that they are kept under Russia's jurisdiction." However, Igarashi said he would examine the Russian proposal as part of efforts to repair the earthquake damage on the islands.

Japan has told Russia it will offer 100 million yen in humanitarian assistance to the islands' residents following the earthquake, which registered 8.1 on the Richter scale and caused 11 deaths and widespread injuries and homelessness. But Japan is determined to limit its involvement to humanitarian aid, fearing that wider economic cooperation would delay a resolution of the territorial issue, government sources said.

After the talks with Watanabe in Moscow on Monday, Soskovets reportedly showed dissatisfaction with Japan's "insufficient" assistance to the quake-stricken islands due to "political problems."

In a related development, the sources said Soskovets has proposed launching various joint projects between the two countries, and hopes to discuss the matter during his visit to Japan scheduled for Nov. 25 to Dec. 1, when he is due to meet Japanese Prime Minister Tomiichi Murayama, Foreign Minister Yohei Kono, International Trade and Industry Minister Ryutaro Hashimoto and top business leaders.

Dissatisfied with previous economic relations in which Japan mainly imports raw materials, Russia has urged the creation of joint enterprises to develop and process Russian resources.

Soskovets' proposals include joint ventures for felling and processing trees in Russian far eastern regions, mining ores and coal in Siberia and producing fertilizer, the sources said. He has also called for active participation by private Japanese companies in the free economic zone in the Russian far eastern port of Nakhodka.

The four disputed islands off Hokkaido—Kunashiri, Shikotan, Etorofu and the Habomai group of islets—are inhabited by some 15,000 people. The population has been decreasing for several years, however, because of a slump in the seafood processing industry, the islands' main business, and tough living conditions there. Also, the Oct. 4 earthquake reportedly led an increasing number of residents to leave the islands. The territorial dispute over the islands has kept Russia and Japan from concluding a peace treaty since the end of World War II.

Igarashi later told reporters that the Japanese Government has not received a request from Russia for Japan's participation in the free economic zone program.

"On the question of whether we have heard the proposal, I say we haven't," he said at an afternoon news conference.

Asked if he has heard anything from the Japanese ambassador to Russia, Igarashi replied, "My comment is the same as what I said just now."

He also denied speculation that Moscow has unofficially sounded out Japan about its potential role in the economic zone project on the four islands.

Armenian Military Base Treaty To Be Signed

MM1210083794 Moscow ROSSIYSKAYA GAZETA in Russian 12 Oct 94 p 6

[Report by Anatoliy Shapovalov: "There Will Be a Russian Military Base in Armenia"]

[FBIS Translated Text] Yerevan—Yesterday Federation Council Chairman Vladimir Shumeyko, who is paying an official visit to Armenia, met with the republic's president Levon Ter-Petrosyan.

Commenting on the results of the talks, the Armenian president said in particular that the work to settle the Karabakh conflict must go on. Typically, the parliaments of the Interparliamentary Assembly have succeeded in achieving something that neither the Foreign Ministries nor the CSCE were able to achieve. A cease-fire has been secured on the basis of the Bishkek Protocol. Peace in the region has lasted for five months already. At the moment the sides have no intention of resuming hostilities.

Levon Ter-Petrosyan announced that a treaty on a Russian military base in Armenia will shortly be signed in Moscow. This will be the first document of its kind in the CIS.

Addressing a sitting of the republic's Supreme Council session, Vladimir Shumeyko pointed out that there are none of the acute or painful questions in Russian-Armenian relations that are to be encountered in relations with some of the former Union republics.

UN Efforts for Tajik Settlement Hailed

LD1110204094 Moscow ITAR-TASS in English 1945 GMT 11 Oct 94

[FBIS Transcribed Text] Moscow October 11 TASS—Russian Foreign Ministry has praised efforts on the part of the United Nations and all interested countries which are aimed at hastening international observers' arrival in Tajikistan in the run-up to presidential elections, Grigoriy Karasin, spokesman for the Russian Foreign Ministry, told a briefing on Tuesday.

Moscow sees "essential condition for stabilizing the situation in the country" in complying with the cease-fire agreement reached between the warring factions. This condition is especially important on the eve of presidential elections and a referendum on draft constitution, Karasin said.

Russia will give all-round support to UN observers in carrying out their mission; relevant instructions were given to CIS joint peace-making forces and commandment of the group of Russian frontier guard troops in Tajikistan, he said.

It is important that the parties should enhance confidence- building measures as specified in the agreement, Karasin also pointed out.

He confirmed that Tajik Government displays "a firm resolve" to set imprisoned opposition supporters free.

According to him, the joint commission for the problems of Tajik refugees and forced migrants, which brought together government officials and opposition members, represents an important contribution towards efforts aimed at solving the Tajik problem by political means.

The commission's task forces will visit various regions in Russia and the Commonwealth of Independent States to specify the number of refugees and examine possibilities for their return to homeland and supplying them with humanitarian aid. Local authorities in Russia will assist the task forces in every way, Karasin said.

Kozyrev Urges Iranian Efforts

LD1110185194 Moscow ITAR-TASS in English 1640 GMT 11 Oct 94

[By ITAR-TASS diplomatic correspondent]

[FBIS Transcribed Text] Moscow October 11 TASS—Russian Foreign Minister Andrey Kozyrev has called for further Moscow- Teheran efforts in inter-Tajik settlement at a meeting with Deputy Iranian Foreign Minister Mahmud Va'ezi at the Russian Foreign Ministry.

"The recent round of inter-Tajik talks held with the assistance of Iranian diplomats has had good results—an agreement to cease hostilities," said the Russian minister. In his opinion, such efforts should be continued to help stabilization and economic consolidation of Tajikistan.

Political adviser to the Russian foreign minister Galina Sidorova told correspondents upon the completion of negotiations, that the meeting also focused on Karabakh settlement and the Bosnian problem. Same as other Muslim states, Iran is closely watching the developments. Iran supports the special Russian role and hopes it will help to start the problem solution.

The sides discussed ways to launch multilateral interaction in the Caspian Sea. "We are keeping close contact with Iran and other Caspian nations as regards the Caspian problems. We think that any of them must be settled on coordination of all Caspian states," said the adviser. In her words, this problem will be discussed in detail on Wednesday at a meeting of Andrey Kozyrev with deputy foreign ministers of the Caspian nations who participate in the current meeting at the foreign ministry's countryside residence.

Kozyrev and Va'ezi voiced the need to develop bilateral economic cooperation, including the one in private businesses. She said that the sides did not consider military cooperation today.

Brazilian Foreign Minister Arrives on Official Visit

LD1010200294 Moscow ITAR-TASS in English 1828 GMT 10 Oct 94

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Transcribed Text] Moscow October 10 TASS—Selso Nunes Amorim, foreign minister of Brazil, arrived on an official visit to Moscow on Monday. He was met at the Moscow airport by Georgiy Mamedov, deputy foreign minister of the Russian Federation.

The program of the visit of the head of the Brazilian foreign office who will hold talks in Moscow with his Russian counterpart Andrey Kozyrev, envisages the signing of a number of important documents.

They include the initialing of an inter-state treaty on basic principles of relations between Russia and Brazil, an agreement on the abolition of a quota concerning Russian diplomats and representatives of other Russian institutions, a protocol on foreign political consultations between the Foreign Ministries of the two countries and a memorandum on the intention to cooperate in the field of environmental protection.

It is also planned that the Brazilian foreign minister will meet with representatives of the Russian parliament and the government.

"In the last few years relations between Brazil and Russia have noticeably transformed which was the result of the current changes in our countries and in the world as a whole," Selso Nunes Amorim told ITAR-TASS in the Brazilian capital before the beginning of his visit to Russia.

Brazil is interested in cooperation with Russia which is remaining a great power and continues to influence the situation not only in the region but in the entire world, the minister stressed.

In addition to political problems the talks will also concern the trade and economic sphere, Valeriy Morozov, head of the South America Department of the Central and South America Section of the Russian Foreign Ministry, told ITAR-TASS.

Specifically, Russia is interested in deliveries of its armaments to Brazil, the more so that Brazilians themselves show interest in this, the Russian diplomat said.

When delivering armaments Russia will act strictly in line with the existing legislation and proceed from the condition that these deliveries would not violate in any way the present balance of military-and-strategic and political forces on the continent, Valeriy Morozov stressed.

Signs Cooperation Agreements

LD1110171594 Moscow ITAR-TASS in English 1524 GMT 11 Oct 94

[By ITAR-TASS diplomatic correspondents Valeriy Sevryukov and Sergey Sereda]

[FBIS Transcribed Text] Moscow October 11 TASS—A large package on agreements on Russo-Brazilian cooperation was signed on Tuesday on a basis of the negotiations here between Russian Foreign Minister Andrey Kozyrev and his Brazilian counterpart Selso Nunes Amorim now on an official visit here.

Five documents have been signed. The treaty on partnership between Russia and Brazil has been initialled. Both sides attach special importance to the treaty as it brings bilateral ties to a new level. An intergovernmental agreement "on cooperation in combatting illegal traffic and abuse of narcotics and phsychotropic means" has also been signed.

The ministers have also signed a protocol on political consultations between the foreign policy departments of the two countries and a memorandum of intention to develop cooperation in environmental protection. Notes lifting restrictions on the number of the personnel of diplomatic and other state missions of the Russian Federation in Brazil were exchanged. The "bureaucratic leftover" from the times of the cold war has thus been removed, the ministers noted.

Kozyrev said the first official visit to Russia by a foreign minister of a major Latin American country, Russia's partner not only in the United Nations Security Council but also on global problems, proceeds with much success in a business-like way.

In answer to ITAR-TASS, the Russian minister said that a reform of the United Nations, including a possible widening of the security council, was also discussed at the talks. "Because of its weight as a regional and world power, its peaceful foreign policy and friendly relations with neighbours and with such seemingly remote countries as Russia, Brazil, in our opinion, is among the countries that justifiably aspire to joining the United Nations Security Council", Kozyrev said.

"The documents we have signed today are a new reality in relations between Russia and Brazil, the two countries that underwent considerable transformations and that gave special attention to their remote partners for the first time over these years", the Brazilian minister said. "We now discover each other as partners and note with satisfaction the presence of common interests and consent to vigorously develop this cooperation".

"I hope that the package of documents signed today will bring closer a meeting of the heads of our states and will promote the further development of the partnership of Russia and Brazil in the framework of the United Nations Security Council and cooperation between countries in the Rio Group and in the Commonwealth of Independent State", Selso Nunes Amorim said.

Meets With Kozyrev

LD1110131394 Moscow ITAR-TASS in English 1106 GMT 11 Oct 94

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Transcribed Text] Moscow October 11 TASS—Russia attaches much importance to the official visit of Brazilian Minister of Foreign Affairs Selso Nunes Amorim, Russian Foreign Minister Andrey Kozyrev said on Tuesday.

At the U.N. General Assembly session in New York, Brazil as the chairman of the Rio Group and Russia showed complete mutual understanding and preparedness for effective cooperation. It is of particular importance that a treaty on cooperation between the two countries, which is to be initialed on Tuesday, elevates the relations to the level of those of partners, Kozyrev said.

"Our two countries play a great role at both regional and global levels. This is why we take a favourable view of the possibility of concluding the treaty and of prospects which it opens up for our relations in the political, economic, trade, scientific, technical and cultural fields," Selso Nunes Amorim pointed out.

"The accords will make a tangible contribution to the strengthening of both bilateral cooperation and stability around the world," the Brazilian minister said.

"It is of particular importance that our views on international problems are identical, which is illustrated by the results of the two countries' voting in the U.N. Security Council," the Brazilian minister added.

Agrees To Buy 300 T-72 Tanks

LD1010131494 Moscow INTERFAX in English 1153 GMT 10 Oct 94

[FBIS Transcribed Text] A delegation of the Brazilian Defense Ministry signed on Monday in Omsk (regional center in Western Siberia) with the local association, Zavod Transportnovo Mashinostroyeniya (Transport Machine-Building Plant), a protocol of intention to buy 300 T-72 tanks.

Interfax was told by representatives of the regional administration, the two sides have coordinated the main provisions of the contract. Tanks will be supplied in batches. The first batch will contain 110-120 vehicles. One tank will cost $1.2 million.

In order for a contract to be signed the two sides must agree on a form of payment. Brazil proposes barter, while Russia proposes currency payments.

The talks were supported by the Rosvooruzheniye concern and the region's administration.

The Zavod Transportnovo Mashinostroyeniya production association is the largest enterprise in the Omsk military-industrial complex. As many as 25,000 people work in the association. Military production in late 1992 made up 75% of the association's total output.

Nuclear Accidents Agreement Reached

LD1110183594 Moscow ITAR-TASS in English 1612 GMT 11 Oct 94

[By ITAR-TASS correspondent Marina Barinova]

[FBIS Transcribed Text] Moscow October 11 TASS—Russian Minister for Emergency Management Sergey Shoygu and Europarliament's representatives agreed in today's talks that the Russian Ministry for Emergency Management would continue scientific and technological cooperation with the Europarliament in controlling the impacts of radiation accidents and disasters.

The talks centered on the radiation accidents at the Chernobyl nuclear power plant and at the "Mayak" Production Association in the Chelyabinsk region.

Five short-term strategic lines of action will be diminution of effects of the Chernobyl accident, rapid delivery of humanitarian aid to disaster-hit regions (drugs, dressing materials), demining activities in conflict regions, elevation and deconservation of dangerous sunk objects, such as submarines.

Moves have been outlined to implement programmes for the evaluation of environmental effects of radiation.

Political & Economic Issues

Yeltsin Says Ruble Collapse 'Threat to National Security'

LD1210100094 Moscow Russian Television Network in Russian 0900 GMT 12 Oct 94

[From the "Vesti" newscast]

[FBIS Translated Text] At the Security Council session Boris Yeltsin has made a special statement on the collapse of the ruble:

[Begin Yeltsin recording] This is an emergency situation. This is either subversion or extreme irresponsibility and negligence by a few people who have organized it. It is a threat to the national security of our state. [end recording]

Yeltsin announced the dismissal of acting finance minister Dubinin, and said that he has sent a draft edict to the State Duma on the dismissal of Gerashchenko. A State Commission has been set up. It is headed by Oleg Lobov who will report to the Security Council in three days about the origins and causes of this financial and political drama. Yeltsin asked the media to tell Russian citizens not to worry and not to panic. The state and the government are taking the situation in their hands.

Calls For Calm After Ruble Collapse

LD1210095194 Moscow ITAR-TASS World Service in Russian 0907 GMT 12 Oct 94

[By ITAR-TASS correspondent Anna Melnkova]

[FBIS Transcribed Text] Moscow, 12 Oct—Russian Federation President Boris Yeltsin has called on Russians to remain calm and reported that all necessary measures in connection with the sharp fall in the ruble rate will be taken. At a session of the Security Council today he called on the country's citizens not to panic, adding that "a sharp increase in prices will not be allowed."

Boris Yeltsin said that a state investigation of the incident in question will be carried out. The president also reported that he has signed an edict dismissing acting finance minister Sergey Dubinin. Moreover, by agreement with Ivan Rybkin, a proposal has been sent to the State Duma on releasing from office Central Bank chairman Viktor Gerashchenko.

Requests Removal of Central Bank Chief

LD1210090894 Moscow ITAR-TASS in English 0836 GMT 12 Oct 94

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow October 12 TASS—President Boris Yeltsin requested the State Duma to sack Chief Banker Viktor Gerashchenko for the unprecendented collapse of the Russian currency.

Yeltsin told a meeting of the Russian Security Council on Wednesday that he had forwarded his proposal to Speaker Ivan Rybkin.

The chief banker is approved by parliament in Russia.

Issues Edict on Crisis, Dubinin Dismissal

LD1210101794 Moscow ITAR-TASS World Service in Russian 0934 GMT 12 Oct 94

[FBIS Translated Text] Moscow, 12 Oct (ITAR-TASS)—Russian Federation President B.N. Yeltsin today issued the following edict:

"In connection with the critical situation which has been allowed to occur on the financial market, creating a threat to the economic security of the Russian Federation, I resolve:

"1. To release Sergey Konstantinovich Dubinin from carrying out the duties of Russian Federation minister of finance and the post of Russian Federation first deputy minister of finance.

"2. To set up a state commission of inquiry into the reasons for the sharp destabilization of the financial market.

"That the secretary of the Russian Federation Security Council within three days present details of the work of the commission to the Security Council.

"3. That the Russian Federation Central Bank and the Russian Federation Ministry of Finance take all necessary measures to stabilize the situation on the financial market in the immediate future.

"4. This edict comes into force from the moment it is signed."

Yeltsin, Duma Meet To Discuss Ruble Rate

LD1110134494 Moscow ITAR-TASS in English 1308 GMT 11 Oct 94

[By ITAR-TASS correspondent Anna Melnikova]

[FBIS Transcribed Text] Moscow October 11 TASS—"Over the past nine months the State Duma has been able to proceed with legislative work at a good pace, despite a wide range of opinions and a multiparty character", Russian President Boris Yeltsin said on Tuesday, opening a meeting with leaders of the State Duma of Russia's Federal Assembly in the Kremlin.

The president said that "meetings with speakers of the chambers, with deputies of the Federal Assembly were held on a regular basis". He said that "such meetings do not have a sensational character. This is routine work enabling us to visualise future".

Speaker of the State Duma Ivan Rybkin and deputy speakers participated in the meeting on Tuesday. The situation connected with a plummetting of the rouble rate on Tuesday was discussed at the meeting in addition to the discussion of the work of the Duma, ITAR-TASS learned from well-informed sources.

Yeltsin Sets Up Commission on Ruble Collapse Cause

LD1210101094 Moscow ITAR-TASS World Service in Russian 0856 GMT 12 Oct 94

[By ITAR-TASS correspondent Anna Melnikova]

[FBIS Translated Text] Moscow, 12 Oct—Russian Federation President Boris Yeltsin has set up a special state commission to reveal the causes of the sharp fall in the ruble exchange rate. He made this known today during remarks at the Security Council in the Kremlin.

According to Boris Yeltsin, the commission will be headed by Oleg Lobov, secretary of the Security Council. The commission's deputy chairman will be Sergey Stepashin, who, Boris Yeltsin said, began work yesterday to clarify the situation regarding the collapse in the ruble rate. The Russian Federation president said: "I am tasking the commission with conducting an inquiry in the course of a few days, three at most." He proposed that the Security Council meet on Saturday to hear the results of the commission's activity and then reach direct conclusions as to who is to blame.

Fuel, Energy Complex Hardest Hit by Ruble Fall

LD1210104094 Moscow ITAR-TASS in English 0955 GMT 12 Oct 94

[By ITAR-TASS correspondent Igor Ivantsov]

[FBIS Transcribed Text] Moscow October 12 TASS—"The Russian fuel and energy complex will be the hardest-hit by the present rouble collapse," Minister of Fuel and Energy Yuriy Shafranik said here on Wednesday.

Commenting on the situation with the rouble at a request of ITAR-TASS, he noted that this is a strong blow at the entire complex, the scale of which it is difficult to estimate now.

"We have not expected such a sharp fall of the rouble, although we felt intuitively some negative moments," the minister noted.

"The complex will be the hardest-hit by the fall, since the complex feels the greatest pinch from non-payments. In fact, winners in the present situation will be those who did not pay chronically for energy supplies," Shafranik stressed.

In the minister's opinion, it is difficult now to pinpoint specific steps out of the present situation. Nevertheless, he sees the main task in keeping control over prices for products of the fuel and energy complex under the present circumstances.

Ruble Rises Five Percent, Closes at 3,736

LD1210085794 Moscow ITAR-TASS in English 0826 GMT 12 Oct 94

[By BUSINESS-TASS]

[FBIS Transcribed Text] Moscow October 12 TASS—After an unprecedented fall on Tuesday and government assurances that the rouble will stabilise, the Russian currency rose five per cent or 190 points on the Moscow Interbank Currency Exchange on Wednesday and closed at 3,736 per US dollar.

Dealers said the Central Bank interfered with 90 million dollars. Trading fell to 41.45 million dollars compared to 129.70 on Tuesday.

The Central Bank's interference "proves that commercial banks are still cautious about selling dollars", a MICEX expert told BUSINESS- TASS.

The initial demand comprised 193.30 million dollars.

Ministry Concerned Over Possible Weakening of Ruble

LD1110192094 Moscow INTERFAX in English 1743 GMT 11 Oct 94

[FBIS Transcribed Text] The Russian Finance Ministry does not rule out a deeper plunge of the ruble if the Bank of Russia stands idly by, Oleg Vyugin, director of the ministry's macroeconomic policy department, told the Financial Information Agency. He explained that because the Central Bank had not been doing much recently to close the gap between the supply and demand, the dollar may soar to new heights.

According to Vyugin, the latest dramatic increase of the dollar was the work of commercial banks which keep hard currency to themselves and offered a lot of rubles for sale.

He believed that the situation in the currency market was highly unstable and decisive events might occur one of these days. He said that, according to his ministry, the Central Bank had spend over $500 million since the beginning of October. Vyugin emphasized that the bank had spend over $2 billion within two to 2.5 months and could hardly change the trend by its intervention because this would require too many dollars.

He said that a rising dollar would entail increased domestic prices and higher inflation rates because the importers would sell at higher prices.

Central Bank Keeping 'Semblance of Calm' Over Ruble

MM1210084794 Moscow ROSSIYSKIYE VESTI in Russian 12 Oct 94 p 1

[Article by Vadim Soskov under the "From the Financiers' Viewpoint" rubric and the general heading "What Lies Behind the Increase in the Dollar Rate"]

[FBIS Translated Text] So, as a result of the ruble's nosedive, the dollar yesterday reached the 3,926 mark. Actual events outstripped the schedule predicted by Viktor Chernomyrdin at the end of March, when, speaking in Maloyaroslavets, the prime minister declared that "by the end of the year the dollar will approach 3,000 rubles." This event has occurred two and one-half months early.

But the leadership of the Central Bank of the Russian Federation is trying to maintain at least a semblance of calm. Viktor Gerashchenko believes that "there are sufficient currency funds to control the fluctuations of the ruble's rate of exchange against the dollar." But this control seems very strange. The drop has taken place at an accelerating rate. In September it amounted to 17.8 percent. The leadership of the Central Bank does not want to see the obvious dependence of the drop in the ruble rate on the increasing pace of inflation. The data for the first week of October, when the overall level of inflation stood at 2.3 percent—higher than its average weekly values over the past seven months—prove that symptoms of trouble are being clearly manifested in the Russian economy, which it will not be possible to "stifle" by means of tough monetarist measures alone. Maybe this is why we were told at the press service of the Central Bank of the Russian Federation that "it is possible to spend crazy money and curb the growth of the dollar rate, but large-scale currency interventions seem inexpedient at the present time. The dollar itself will find its point of equilibrium, and this will happen very soon."

Of interest in this connection is the viewpoint of Acting Finance Minister Sergey Dubinin that "the dollar rate will drop in the next few days, since the banks will be unable to pay for the dollar purchases that they have made on paper. A typical rate reappraisal has occurred, and the banks will be forced to 'discard' their dollars."

Such a galloping rate of growth in the dollar really has benefited a number of banks. As a result of simply buying currency and reselling it the next day the banks' income reaches 500 and more percent in annual interest—which is far in excess of not only the yield of other instruments on the financial market but also the fines which the Central Bank of the Russian Federation imposes for a delay in payments. In a BIZNES-TASS interview Igor Doronin, adviser to the Moscow Interbank Currency Exchange, voiced the fear that "the flight of capital from Russia is increasing, and the process of the destruction of the financial market has virtually begun."

Now let us investigate whether the Central Bank is being crafty when it declares that it is "keeping the situation under control." In the opinion of Yelena Ishenko, department head at the Economic Conditions Center under the Russian Federation Government, "the Central Bank's reserves are practically exhausted. During September alone almost $2 billion had to be put onto the market in order to cover the excess of purchases over sales which had recently become apparent. The reserves of receipts from export operations are stable in the region of $3 billion (account should be taken here of the fact that approximately 20 percent of currency earnings in the country are not returned)." Hence, evidently, the brave face on a sorry business.

At the same time the growth of the dollar rate is extremely advantageous to Russian exporters. For until recently the effectiveness of export operations was not great. The profit on selling a tonne of oil on the world market amounted to 8-9 percent. But now, when converted into rubles, profitability has increased sharply.

But this yield is purely external. The growth in the dollar rate will be instantly followed by an increase in the prices of all imported products. A number of importers have now altogether frozen operations, since they will make a loss until the currency rate stabilizes.

Well, the dollar spurt attests to the unvanquished ills of the Russian economy and its previous unpredictability. An unstable economy is a poor guideline for investments. This is precisely why the ruble's nosedive has caused serious concern in Western financial circles. To all appearances, far greater concern than in Russia itself.

Announces New Currency Procedure

LD1210102094 Moscow Mayak Radio Network in Russian 0900 GMT 12 Oct 94

[FBIS Translated Text] The press service of the Russian Central Bank has reported that as of 12 October the Central Bank credit discount rates on credits granted to commercial banks in line with all new and extended agreements on credits is set at the level of 170 percent a year.

The management of the Central Bank has sent a letter to Aleksandr Zakharov, director general of the Moscow Interbank Currency Exchange. It says that in connection with an increasing failure of commercial banks to fulfill their obligations with regard to concluded currency deals and in order to prevent the failure of banks to make their payments in the conditions of increased currency fluctuations, the Russian Central Bank sets a temporary procedure for handling U.S. dollars at the Moscow Interbank Currency Exchange.

In line with the procedure, banks have the right to buy foreign currency out of the residue of their funds in the Moscow Interbank Currency Exchange clearing account. The procedure comes into force on 13 October and will remain valid until it is abolished by the Russian Central Bank. This was reported by the press service of the Russian Central Bank.

Officials Discuss Ruble Crisis

LD1110145794 Moscow ITAR-TASS World Service in Russian 1203 GMT 11 Oct 94

[By BUSINESS-TASS]

[FBIS Translated Text] Moscow, 11 Oct—Almost immediately after the close of today's trading on the Moscow Interbank Currency Exchange, where the ruble fell to a record low against the dollar, the Russian Central Bank held a conference chaired by Central Bank Chairman Viktor Geraschchenko. BUSINESS-TASS has learned that there will be a break at 1500, since Viktor Gerashchenko is to attend a government meeting. The situation following the currency trading may well be one of the main topics.

As has already been reported, the slump in the ruble beat all records today, with the rate falling 845 points to 3,926 rubles to the dollar.

Virtually all Moscow commercial banks have stopped exchanging currency.

At 1300 hours practically no operations were being carried out on the interbank currency market. Dealers themselves said they are in "a state of complete indecision." The rate of the few deals concluded fluctuated around the level of 3,900 to the dollar.

At currency exchange offices in the center of Moscow the dollar was set at no lower than 4,200 following the interbank currency exchange trading.

Gerashchenko Comments on Collapse

LD1110133494 Moscow ITAR-TASS World Service in Russian 1048 GMT 11 Oct 94

[By ITAR-TASS correspondent Oleg Velichko]

[FBIS Translated Text] Moscow, 11 Oct—Viktor Gerashchenko, chariman of the Russian Central Bank, thinks that an increase in the discount rate and an additional emission by the Central Bank are one way to stabilize the Russian foreign currency market.

Commenting on today's collapse of the ruble rate against the dollar, Viktor Gerashchenko said one of the reasons for this was "speculative demand from certain commercial structures and the public." At the same time he categorically ruled out the possibility of one American dollar increasing in value to 12,000 rubles by the end of the year, which former Finance Minister Boris Fedorov has repeatedly forecast.

Gaydar, Glazyev Blame Policy for Ruble Collapse

MM1210085994 Moscow KOMSOMOLSKAYA PRAVDA in Russian 12 Oct 94 p 1

["Economists' Opinion" feature citing "Russia's Choice" leader Yegor Gaydar and Sergey Glazyev, chairman of the Russian State Duma Economy Policy Committee]

[FBIS Translated Text] Yegor Gaydar, leader of the "Russia's Choice" Party:

There is nothing mysterious about what happened to the ruble exchange rate yesterday. The change in the attractiveness of dollar and ruble deposits—ruble deposits had been more profitable than dollar deposits—was the immediate reason for the wholesale collapse in the ruble rate of exchange. This caused sharp demand for hard currency. The underlying reason is the fact that the rate of growth of the money supply has speeded up since April, doubling compared to fall 1993 and winter 1994. That was bound to cause a crisis on the money market and, ultimately, frantic demand for hard currency. The government policy of compromise when discussing the 1994 budget in the State Duma, whereby the government was forced to yield to pressure from the Communists and Agrarians by approving a budget with a huge deficit, also took its toll.

Sergey Glazyev, chairman of the Russian Federation State Duma Committee for Economic Policy:

The wholesale collapse in the ruble rate of exchange was the logical result of the government's short-sighted attempts to artificially curb the fall in the ruble rate of exchange over the last 18 months. To demonstrate favorable indicators the government has since last spring kept the fall in the ruble rate of exchange at a level half that of its devaluation on the domestic market. As a result we have a situation where today the ruble rate of exchange is substantially inflated and the question of its falling was just a matter of time—when the Central Bank reserves run out.

Ruble's Fall 'Cause for Resignation' of Government

MM1110211794 Moscow IZVESTIYA in Russian 12 Oct 94 p 1

[Report by Ivan Zhagel: "Scandalous Collapse of the Ruble. Can the Government Stop It?"]

[FBIS Translated Text] After the dollar exchange rate on the Moscow Currency Exchange overshot the 3,000-mark Monday, many experts hypothesized that the fall in our national currency had reached its limit, and that we could expect financial stabilization. And no one could imagine in their worst nightmares what happened Tuesday, 11 October—the exchange rate collapsed appallingly and reached 3,926 rubles [R] against the U.S. dollar.

The demand for currency on this day reached a record level—$335,700,000—whereas supply stood at only $24,250,000. According to information from reliable sources, the Central Bank of Russia's intervention on this day can be assessed as mediocre. Either its hard currency reserves are already drying up, or it deemed it unacceptable to spend a collosal sum on one day, and decided to save a little for the future.

In an interview with IZVESTIYA Aleksey Osenmuk, deputy general director of the Moscow Currency Exchange, stated that the cause of the scandalous collapse in the exchange rate was purely and simply a flurry of speculation, and that no logical economic explanation for the situation could be found. Obviously, panic-stricken bank clients are trying to convert their ruble assets into hard currency—buying it up, moreover, at any exchange rate and in any possible quantity. He once again warned that this could have catastrophic consequences for those same hard currency buyers when the ruble exchange rate rises. However, such warnings have been issued many times, and they are unlikely to have any influence this time either.

Osenmuk also rejected the widespread rumors that the Exchange is to cease trading in connection with the collaspe in the exchange rate. In his words, although such an option is theoretically possible, at the present time there are no plans to halt the weekly auctions. Especially since, in his opinion, this would make no sense—the problems are not in the exchange, but in the state of the economy.

Meanwhile on the trading stalls and in many large stores a massive replacement of price lists is under way, especially those for imported products. This is understandable—today many entrepreneurs are faced with the real threat of financial ruin. Especially those who took out hard currency loans to purchase imported goods. What price they can sell them at now, and who will now be able to buy them—that is the question.

Nor can those who are remote from commercial activity—ordinary Russain citizens—feel at ease now. In just over two weeks their income, expressed in the dollar equivalent, has fallen by one-half. And of course, members of the government and the Central Bank leaders should hardly feel at ease. Such failures of financial policy are an entirely sufficient cause for resignation.

Businessmen on Consequences of Plummeting Ruble

LD1210101394 Moscow ITAR-TASS in English 0902 GMT 12 Oct 94

[FBIS Transcribed Text] Moscow October 12 TASS—"The situation at the currency exchange threatens the economic security and future of the country," says a statement by the Russian Union of Industrialists and Entrepreneurs, which was received by BUSINESS-TASS on Wednesday. The statement was signed by union chairman Arkadiy Volskiy.

The outflow of rouble funds for hard currency speculations in combination with inefficient actions by the central bank and the finance ministry, which could not thwart in time a big gamble by currency traders, has already resulted in a sharp price hike on the domestic market, the statement says.

The union claims that the latest decisions by the above state bodies are again aimed against the trend to invigorate the economy.

These are decisions by the central bank to raise refinancing rates to 170 per cent and by the finance ministry to raise profitability of state short-term obligations to 300-250 per cent per annum.

These measures will entail a new rise in interest rates on credits and its negative consequences for Russian enterprises.

It is necessary to freeze immediately the operation on currency exchanges up to the end of the week until bids for currency purchases are paid out in full, shady dealers are struck out of the lists of exchange participants and the central bank as well as the government hammer out a concerted policy of currency interventions, the statement says.

Fall of Ruble Seen as 'Open Challenge to Authorities'

MS1210103194 London THE INDEPENDENT in English 12 Oct 94 p 11

[Report by Andrew Higgins: "Speculators Hasten Collapse of Rouble"]

[FBIS Transcribed Text] Moscow—Trampled in a "Black Tuesday" stampede on the Moscow market, Russia's ragged rouble collapsed by its biggest margin so far yesterday, with speculators scenting blood, the government bracing for a surge in inflation and the Central Bank under fire from all sides.

The rouble lost 21 per cent against the dollar—dropping to 3,926—and 6,221 against sterling. Free fall on the Moscow Interbank Currency Exchange was only broken by a last-minute retreat from a policy of stoic inaction by the Central Bank. It splashed out $80m (51m pounds) on resuscitation and rumours swept the market that it might shut down the exchange and revert to fixed rates.

Many of Moscow's exchange offices closed. Others jacked up the rate for dollars to upwards of 5,000 roubles. Best Bank on Leninskiy Prospekt charted the currency's demise with pink fluorescent ink on yellow stick-on pads, its manager rejoicing in the rouble's plight: "I love it when this happens."

The spectacle—combined with a sharp rise in petrol prices—jolted Russia out of its Indian summer of calm, undermining confidence, upsetting budget calculations and elbowing reform plans off course. "This is an open challenge to the authorities," declared Aleksandr Livshits, chief economic adviser to President Boris Yeltsin. "Sterling has been in such situations and there are universally accepted methods to overcome such crises." A rise in Russia's discount rate seems likely.

Mr Livshits blamed the rouble's plight on "egoism of exchange big-wigs, non-purpose use of budget resources and the lack of normal payment mechanisms." Sergey Glazyev, head of parliament's economic affairs committee, called it a "chaotic burst of speculative activity". Russia has 2,300 commercial banks, many of which do little more than gamble on currency. A relative stabilisation earlier this year pushed many to the wall and helped bring down notorious pyramid schemes such as MMM.

Also propelling the plunge is underlying unease about the economy. Anatoliy Chubays, the sole strongly reformist minister left in the cabinet, described the fall as the "payment we have to make for the government's mistakes, payment for a certain deviation in financial policy over the past three or four months."

The rouble's slide began late last month when the Central Bank all but withdrew from the market but it has steadily accelerated since. It crossed the 3,000-per-dollar threshold on Monday and looks set to crash through 4,000 and, some dealers predict, 5,000 to the dollar by the end of the week. Boris Fedorov, a former finance minister and a foe of Central Bank chairman, Viktor Gerashchenko, predicts a drop to 10,000.

The government dominated since spring by centrist figures more sympathetic to Russia's agricultural and industrial lobbies, has relaxed a tight monetary policy that brought Russia back from the brink of hyperinflation to a record low of 4 per cent in August. The rouble's fall will help exporters but will stoke inflation through more expensive imports.

Such axioms found little echo in Russia's State Duma yesterday. Politicians of all stripes saw conspiracy and searched for scapegoats. "One should not look for an explanation in the economy or its laws," said Ella Pamfilova, former social affairs minister and reformist deputy. "The economy has always been subject to politics. There might be artificial political reasons. Our economy never develops according to expediency or commonsense."

Veteran Communists, seeking to explain the new market by the old texts, targeted foreign capitalists as the culprit. "I think it was done on purpose to allow foreign capital to buy our national property for free," said Anatoliy Lukyanov, chairman of Gorbachev's Soviet-era parliament. "The Central Bank must take steps."

Other opposition politicians reacted with barely disguised glee, seeing the rouble's troubles as a harbinger of political opportunities. "The situation means we are on the eve of very serious political battles," predicted Sergey Baburin, a nationalist deputy. "After the rouble's fall there will be storms."

Yeltsin Addresses Duma on Suggested Priorities

LD1110210494 Moscow INTERFAX in English 1743 GMT 11 Oct 94

[FBIS Transcribed Text] During a 90-minute meeting with the State Duma leaders on Tuesday, Yeltsin proposed legislative priorities to the State Duma.

Vice Speaker Aleksandr Vengerovskiy, who represents the Liberal- Democratic Party, told Interfax that in Yeltsin's opinion priority should be given to election laws.

He said Yeltsin confirmed his negative attitude to Federation Council Speaker Vladimir Shumeyko's idea of putting off presidential and parliamentary elections by two years.

The president also believes, said Vengerovskiy, that laws dealing with relations between the center and the regions must be considered. Third comes a block of economic laws, above all the ones dealing with the taxing system, said Vengerovskiy.

The president also informed the State Duma leaders of his telephone talks with U.S. President Bill Clinton on October 10. Yeltsin pointed out, said Vengerovskiy, that Russia opposed the idea of putting pressure on Iraq and would resist position-of-strength decisions. Vengerovskiy offered to act as a mediator in the settlement of the situation connected with Iraq during party leader Vladimir Zhirinovskiy's forthcoming visit to Baghdad on October 26.

Vengerovskiy said he had passed to the president Zhirinovskiy's six personal messages on various issues, including a letter assessing the general political situation in Russia, a message concerning the incident in the Kemerovo airport and the request that the detention of MMM President Sergey Mavrodi be considered once again.

He said the president had promised to meet with the Liberal- Democratic Party's faction.

To quote Vengerovskiy, Sergey Kovalyov, the State Duma's vice speaker representing the Communist Party, had stated that his faction would not insist on the resignation of the Russian government. However, State Duma Speaker Ivan Rybkin passed to Yeltsin an excerpt from the resolution of the Democratic Party of Russia's faction which demands that the government present a report on its work and does not rule out the possibility of raising the question of no-confidence in the Cabinet.

Speaking about Yeltsin's health, Vengerovskiy said the opposition's demands that a medical check be made on the president's health were groundless.

Implications of Skokov Joining Cabinet Viewed

MM1210080794 Moscow IZVESTIYA in Russian 12 Oct 94 p 2

[Report by Irina Savvateyeva: "Yuriy Skokov—Next Economy Minister?"]

[FBIS Translated Text] A few days ago the mass media carried a report of a meeting between Oleg Soskovets and Yuriy Skokov. The official story was that the first vice premier was discussing the course of reform with the chairman of the Russian Commodity Producers Federation [RCPF].

However, this story elicits a host of questions. Most experts agree that the RCPF led by Skokov is not a major force with which the government has to reckon when defining its economic policy. It is an overblown semimythical organization with nothing behind it in actual fact except its leaders' grandiose ambitions. In the political arena the commodity producers have taken the place vacated by the industrialists and entrepreneurs who vanished ingloriously. And Mr. Skokov took the place of Mr. Volskiy [President of the Russian Union of Industrialists and Entrepreneurs], who for a long time presented himself as an influential insider, a kind of "kingmaker."

Nevertheless Soskovets met with Skokov. What is more the day before the premier himself met with Skokov. Twice. Why was that?

Information from the president's entourage indicates that Yuriy Skokov is being seriously considered as a real contender for a leading government role. There is talk of a vice premiership and the post of economy minister. People are saying that the idea of "enlisting" Skokov is coming from government structures and is being fiercely supported by none other than Aleksandr Zaveryukha.

Chernomyrdin has seriously pondered the suggestion. Skokov's appearance in the Cabinet of Ministers might have its advantages for him. First, it would compel all manner of communists, centrists, and other social democrats, who are demanding a coalition government increasingly loudly, to pipe down. Skokov is an oppositionist, and his appointment would be a patent concession to the opposition. Second, on the eve of elections the premier is clearly not interested in being constantly badgered, and Skokov's appointment would certainly reduce the tension.

At the same time Chernomyrdin is evidently counting on Yuriy Vladimirovich proving to be totally malleable and there being no change in the Cabinet's economic course with his appointment.

However, there are some factors that should probably put the premier on his guard. Despite the fact that Skokov does not represent the interests of major economic structures comparable to the fuel and energy complex or the metallurgical complex, some financial and industrial groups are nonetheless behind him. Primarily that puny section of the military-industrial complex which has proved uncompetitive on the world market today. Enterprises associated with the production of electronics and precision technologies, say. In a word, everything that seemed unappealing to Mr. Soskovets, who lobbies for the interests of more competitive members of the military-industrial complex—aircraft and rocket builders, and manufacturers of actual weapons.

What is more, it is thought that a number of regional financial and industrial groups are behind Skokov. In particular that in Izhevsk. And also financial and industrial circles in Russia's "red belt"—Orel, Belgorod, Kursk, and Ulyanovsk Oblasts. The Unikombank, the Tveruniversalbank, and certain regional branches of the Savings Bank are cited as being among the banking structures close to Skokov and his entourage.

Thus, following Skokov's appearance in government, sectors and financial-industrial groups whose interests are upheld by the incumbent leaders of the Cabinet of Ministers will find themselves with more rivals vying for a share of the budget pie. However that fact will hardly prove decisive for Viktor Chernomyrdin. The political benefits that the premier will derive from Skokov's arrival seem far more weighty.

However, that does not mean that the matter can be considered decided. The candidacy of the commodity producers' leader has met with tremendous opposition within Yeltsin's democratic entourage and from the president himself. It is said that the latter cannot forgive Skokov for last year's betrayal when, as secretary of the Security Council, he refused to stamp the edict introducing the special form of rule for the country and unequivocally sided with parliament and Rutskoy.

But, whereas Skokov's candidacy is still up in the air, according to our source, the appointment of Yegor Stroyev as minister of food and agriculture seems quite likely. (See IZVESTIYA No. 193 of 7 October 1994). However there is not as yet any question of coopting representatives of the communists into the government.

Kozyrev Unhurt in Moscow Traffic Accident

LD1210085894 Moscow ITAR-TASS World Service in Russian 0816 GMT 12 Oct 94

[By ITAR-TASS correspondent Vadim Rybkin]

[FBIS Translated Text] Moscow, 12 Oct—Russia's foreign minister was involved in a car accident on Moscow's Smolensk Square, near his office, today.

ITAR-TASS learned this morning at the Moscow militia offices that the car he was traveling in was in collision with a private car, driven by a commercial bank representative who ignored traffic rules.

There are no casualties. The cars are slightly damaged.

Space Issues

'Okean-3' Satellite Launched From Plesetsk

LD1110213594 Moscow INTERFAX in English 1951 GMT 11 Oct 94

[FBIS Transcribed Text] The Russian Space Force [RSF] launched an Okean-3 spacecraft by a Tsiklon-3 booster from the northern launching site of Plesetsk at 17:30 Moscow time on October 11. An RSF officer told Interfax that the satellite was injected into a near-calculated orbit.

Okean-3 is intended for all weather ice reconnaissance in polar areas and for detection of storms and typhoons anywhere in the World Ocean. Its hardware determines the age and thickness of ice fields.

This the first Tsiklon-3 launch after the fiasco of May 25, 1994 when a short circuit destroyed two rocket stages and a Defense Ministry Kosmos satellites.

Okean-3 was developed in the Yuzhnoye (southern) design board in Ukraine and manufactured in a Dnepropetrovsk factory where the booster was also made.

Federal Assembly

Central Bank Chairman Testifies Before Duma

Admits Errors in Managing Exchange Rate

LD1210111094 Moscow ITAR-TASS World Service in Russian 1031 GMT 12 Oct 94

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 12 Oct—The measures taken by the Central Bank will help to have a stabilizing effect on the movement of the ruble exchange rate which collapsed on Tuesday, Central Bank chairman Viktor Gerashchenko told the State Duma today.

He said that the dollar exchange rate against the ruble in today's currency trading dropped slightly, reaching 3,736 rubles per U.S. dollar. "There are grounds for believing that this trend will continue over the next few days," Viktor Gerashchenko noted. He said he is ready to use the Central Bank's hard currency reserves to stabilize the ruble rate. The Central Bank chairman said that "the fundamental weakness of the Russian economy, caused by the excessive drop in production" was the main reason for the catastrophic fall in the Russian currency.

Viktor Gerashchenko did not deny that the inadequacy of the currency intervention last Monday was a mistake by the Central Bank. He also cited other errors by his department, in particular the fact that in the first half of the year the Central Bank "should have allowed the ruble rate to fall more sharply."

V. Gerashchenko emphasized that the government had not exerted and is not now exerting any pressure on the Central Bank. "The normal process continues of coordinating action that lies within the framework of economic policy," he said.

State Duma To Hold Confidence Vote 21 Oct

LD1210091794 Moscow ITAR-TASS in English 0813 GMT 12 Oct 94

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow October 12 TASS—The Russian State Duma will motion a vote of confidence in the government on October 21, Speaker Ivan Rybkin told lawmakers on Wednesday.

He added that the faction of the Democratic Party of Russia insisted on the motion.

Two days before the vote the Duma will hear a government report on the fulfilment of the 1994 budget and on the 1995 draft budget.

The report was included into the agenda of the October 19 session by a vote of 230 lawmakers in favour and only two against.

Rybkin said that regardless of the results of the report the issue of confidence in the government will be raised anyway.

According to the procedural rules, any faction of the State Duma has the right to raise the issue of confidence in the government.

Rybkin, Yeltsin Discuss Legislative Agenda

LD1210101494 Moscow ITAR-TASS in English 0922 GMT 12 Oct 94

[By ITAR-TASS correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow October 12 TASS—Chairman of the Russian State Duma, Ivan Rybkin, said that his meeting with the Russian president on Tuesday was "a usual one and held as scheduled."

Commenting on the meeting with the Russian president at a session of the Duma on Wednesday, Rybkin said that the meeting focused on problems of legislative activities of subjects entitled to a legislative initiative—the Russian president, the Federal Assembly and the judicial branch of power.

Rybkin pointed out that during the meeting positions of parliamentary factions pertaining to the socio-economic situation in the country were outlined. Rybkin said that he had informed the Russian president that next week the lower house of the parliament expects the government to submit a report on the implementation of the federal budget for 1994, a draft budget for 1995, a new taxation legislation and medium-term economic programme of the government for 1995-1997.

"Besides, during the talks we arrived at a common conclusion that the Russian president should meet representatives of all Duma factions," Rybkin said.

Rybkin Says LDPR Walkout Not Affecting Duma

LD1110164794 Moscow ITAR-TASS in English 1405 GMT 11 Oct 94

[By ITAR-TASS parliamentary corresponent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow October 11 TASS—"The State Duma is viable. There is a sane majority in the Duma which will be engaged in lawmaking". Speaker of the State Duma Ivan Rybkin said this in an exclusive interview to ITAR-TASS regarding the situation in the Duma after leader of the LDPR [Liberal Democratic Party of Russia] Vladimir Zhirinovskiy said last Friday that the Liberal Democrats faction does not participate in the work of the lower house and that the Liberal democratic Party withdraws from the civic peace accord.

The fact that the Liberal Democrats faction left the Duma meeting has not affected the legislative work of the lower house, Rybkin said. All matters without exception that were to be discussed on Friday have been discussed, he said.

As to statements of the leader of the LDPR about his party withdrawing from the civic peace accord, the speaker of the State Duma said that civic peace, in his opinion, should be "effective and ensuring tranquility in Russia". It is necessary to take advantage of this respite in political battles, he said.

"People elected deputies to the State Duma not for the purpose of some of them retreating to the side of the road and declaring non- participation in the process", Rybkin said. "We have been elected by people in order to overcome a severe political, economic and spiritual crisis of the country by concerted action", he said.

Zhirinovskiy, Liberal Democrats Return

LD1210102194 Moscow ITAR-TASS in English 0919 GMT 12 Oct 94

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow October 12 TASS—"The Liberal- Democratic Party faction is returning to the Duma and will take part in the legislative work of the lower chamber of the Russian parliament," Vladimir Zhirinovskiy, leader of the faction, said here today at the beginning of a plenary meeting of the Russian State Duma.

According to Zhirinovskiy, this decision was made because "the faction was promised that those guilty of the Kemerovo incident would be severely punished. This was also stated by the Russian president during yesterday's meeting with the Duma ledership".

Zhirinovskiy was referring to the October 2 incident in Kemerovo Airport when the plane, carrying a Liberal-Democratic Party delegation to North Korea, was not allowed to land there.

The leader of the Russian Liberal-Democratic Party also explained the faction's decision to return to the Duma by the Tuesday "terrible crisis and possible reshuffles in the top leadership".

Regional Affairs

Chechen Deputies Bring Proposals to Duma

LD1110140694 Moscow INTERFAX in English 1220 GMT 11 Oct 94

[FBIS Transcribed Text] A delegation of Chechen parliamentary deputies began work in the Russian State Duma today. It is likely the date for a meeting between the Chechen delegates and Duma Chairman Ivan Rybkin, who invited the Chechen parliamentary deputies to Moscow, will be made known today as well.

Abdula Dadayev, envoy of the Chechen president, who arrived in Moscow as a member of the parliamentary delegation, told INTERFAX that the Chechen deputies had brought a package of proposals to normalize Russian-Chechen relations.

He said that if the talks in Moscow bring about positive results, official Groznyy is prepared to conduct talks on a higher level.

Dadayev said that the situation today may be described as a "suspicious lull." At the same time, he said that the lull and the temporary stabilization in the republic could bring about a lasting stabilization if official Groznyy shows a readiness for consultations with Moscow.

Chechnya's Avturkhanov Says Dudayev Regime To Fall

LD1110140494 Moscow INTERFAX in English 1228 GMT 11 Oct 94

[FBIS Transcribed Text] "The collapse of the Dudayev regime is near, it will be done away with very soon", the chairman of the opposition Chechen Provisional Council Umar Avturkhanov told Interfax on telephone on Tuesday. He accounted his opinion to the deepening lack of morale in government troops, the reluctance of many commanders to clash with the armed opposition.

Avturkhanov claimed that the ruling regime has no chance of making attacks in Chechen territory. Dudayev controls only Groznyy but even there he does not feel secure because opposition supporters increasingly attack the positions of his men in the city.

Avturkhanov refused to comment on reports of sensational confessions by the Chechen Prosecutor General Usman Imayev captured by the opposition. According to some sources he gave away the financial secrets of Dudayev and his closest associates. "We do not intend to publish this information so far," the opposition leader said.

Chechen Council Denies Khasbulatov Statement

LD1110215994 Moscow INTERFAX in English 2119 GMT 11 Oct 94

[FBIS Transcribed Text] The opposition Provisional Council of the Chechen Republic strongly denied Ruslan

Khasbulatov's statement that the council Chairman Umar Avturkhanov had asked Russia to sent troops into Chechnya.

Avturkhanov made his own statement which was made available to Interfax. He said he did not address the Russian government or came to an understanding with it.

Avturkhanov went on to say that on the eve of the collapse of the Dudayev regime this kind of activity on the part of Khasbulatov split the opposition and played into the hands of Dudayev who came to power in 1991 with a strong assist from Khasbulatov.

The Provisional Council expresses the hope that the Russian government will honor its commitments and never use force in Chechnya, Avturkhanov's statement continues.

He also said that the splitting activities of Khasbulatov posing as a peacemaker had to be denounced. Khasbulatov is said to try to keep afloat following the failure of his so-called peace mission. Avturkhanov believes that Khasbulatov does his worst not to allow the opposition to win and thus dooms his people to continued suffering.

Journalist Describes Situation in Chechnya

MM1210083594 Moscow TRUD in Russian 12 Oct 94 p 5

[Telephone interview with CHECHENPRESS News Agency Director Khamid Khatuyev in Groznyy, by Vadim Karlov in Moscow, on 11 October: "Hello, Groznyy!"]

[FBIS Translated Text] What is the situation like in Groznyy now? We spoke with CHECHENPRESS News Agency Director Khamid Khatuyev by telephone (the call was answered quickly). Here is what he said (the call was not interrupted and audibility was excellent).

[Khatuyev] As of today (11 October), the situation in Groznyy is relatively calm. A rally of indefinite duration in defense of the republic's independence is being held outside Government House. There are no visible signs of opposition—no gunfire or explosions. The stores, the market, and transport are operating as usual. The constant threats emanating from Tolstoy Yurt and Znamenskoye on the possible storming of Groznyy stand out in contrast against that backdrop. Specific figures are being cited. First one set of figures, then another.

Khasbulatov's television service is working on half the republic's territory, including in Groznyy. He also has a powerful radio station whose broadcasts are being received everywhere. It has been suggested that Dudayev should destroy these broadcasting centers. He has refused because he believes that the oppositionists are giving themselves away in these broadcasts.

[Karpov] Have you managed to ascertain the ownership of the helicopters which recently carried out combat attacks?

[Khatuyev] As you know, helicopters are not produced here. For three years our military wanted to create at least one purely Chechen crew—but nothing came of it.... It is clear that the helicopters—initially there were five, then seven, then another two—are being transferred complete with crews from outside. According to certain reports, the raids are being carried out from the artillery base at Mozdok....

[Karlov] Ruslan Khasbulatov has two brothers. One of them, Yamlikhan, is a journalist, the other, Aslanbek, is a doctor of historical sciences. Both live in Groznyy. How are they regarded?

[Khatuyev] Their lives have not changed. No one bothers them. Three days ago my uncle died—he was from the village of Tolstoy Yurt. I went to the funeral. Ruslan Khasbulatov came to the wake with his deputy, Abdulla Bugayev. They wanted to honor the memory of a fellow countryman.

[Karlov] Are you enemies now?

[Khatuyev] When someone dies everything else pales into insignificance. But the situation is generally difficult. Yesterday a relative of mine was in the village of Bratskoye—the inhabitants of that village are entirely hostile to the opposition—where there was heavy gunfire. We are trying to establish right now what happened there.

Recruitment to the volunteer militia detachments is continuing. Looking out of the window now I can see armed volunteers climbing into a bus on Government House Square. They are going off to their positions in the sector where the main enemy strike could take place—from the area of Tolstoy Yurt and Pervomayskoye....

[Karlov] That was how our conversation went. My interlocutor, of course, represents one—quite definite—side. We have no comment to make on that.

Ingushetia President on Discussion With Yeltsin

LD1110150894 Moscow ITAR-TASS World Service in Russian 1334 GMT 11 Oct 94

[By ITAR-TASS freelance correspondent Aleksandr Ruslanov]

[FBIS Translated Text] Nazran, 11 Oct—Russian President Boris Yeltsin and Ingushetia President Ruslan Aushev have talked over the telephone. "Talking to the president, I could see that he did not get objective information on the situation in the zone of state of emergency", Ruslan Aushev told a news conference today.

Touching upon the Federation Council session which approved the Russian president's decree extending the state of emergency in the zone of North Ossetia and Ingushetia, Ruslan Aushev said: "An Ingushi was killed in the village of Chermen yesterday, and two others were injured. This shows that I was right when at the Federation Council I insisted upon lifting the state of emergency in Ingushetia and sending the Russian military units stationed in Ingushetia to the center of the events of 1992, in order to ensure the safety of people who are living or returning there."

Speculation Around Udmurt Slaying Viewed

MM1110110794 Moscow KOMSOMOLSKAYA PRAVDA in Russian 11 Oct 94 p 1

[Report by Aleksandr Kirilin: "Shooting of the Family of Colonel Perevoshchikov"]

[FBIS Translated Text] Today is a day of mourning in Udmurtia. The republic is taking its leave of people united forever by their surname, their militia profession, and their destiny.

In the apartment of Nikolay Perevoshchikov, Udmurt first deputy minister of internal affairs, they were celebrating his son's birthday 8 October. The celebrating went on late into the night, and so the whole family spent the night with the father.

Between 0300 and 0400 hours several masked people broke down the door. The slaughter began at once. Nikolay Perevoshchikov and his wife, daughter, and son were shot right in their beds. Only the deputy minister's son-in-law and the birthday boy's fiancee survived. They were hospitalized with serious injuries.

All of Izhevsk's law-enforcement organs have been mobilized. The city is being combed thoroughly. Not many clues have been gathered. The mass media have been told officially only that eyewitnesses maintain that a white model "9" car [Moskvich] stopped in front of Perevoshchikov's block immediately before the terrorist act.

Militia Colonel Nikolay Aleksandrovich Perevoshchikov was born 16 January 1950 in the village of Veretennikovo deep inside Udmurtia's Krasnogorskiy Rayon. From the age of 20—right after the Army—he served in the militia. He started as a sergeant, was a divisional inspector, and served in criminal investigation. He graduated by correspondence from the Perm branch of the Higher Militia School and from the USSR Ministry of Internal Affairs Academy. He was a deputy of Izhevsk City Soviet of the last convocation.

Perevoshchikov's family also bore a direct relation to the law-enforcement organs. His son Igor, who died, served in the tax police department, and his daughter Tatyana, who was shot dead, was also a militiawoman. The younger son, who survived, is also a militiaman in a compulsory service battalion. The family was very close and came together three days ago by tradition—for its own demise....

What are the first versions of what happened? First version. Operation "Signal" was scheduled for 10 through 24 October in Udmurtia. Militia staffers from Mordovia, Chuvashia, and the Komi Republic, as well as from Sverdlovsk, Perm, Kirov, and Ulyanovsk Oblasts, were involved in it for the first time. It is possible that organized crime, fearing such a concentrated action, carried out a preemptive strike (as Udmurtia's acting minister of internal affairs, Perevoshchikov was to have commanded Operation "Signal").

Second version. This may be called "retribution deferred for a year." Exactly a year ago, during the night of 6-7 October, members of an Izhevsk "sports" grouping carried out several hooligan attacks on offices, stores, and parking lots under the control of "traditional" crime. A certain Talgat Khusnutdinov went missing in those events. The last time he was seen he had been beaten half to death. In the course of the year the "traditional" criminals regularly mentioned this loss in the mass media, emphasizing that Col. Perevoshchikov was too humane toward the "sportsmen." Particularly toward the grouping of Nikolay Gorokhov.

Third version. After three militiamen died and three more were seriously injured in Izhevsk in the space of 24 hours in August 1994, rumors were put about that Major General Aleksandr Nikitin, Udmurtia's minister of internal affairs, would be replaced. Maybe organized crime removed Nikolay Perevoshchikov as the most likely successor—and the one most terrible to them.

It so happened that in recent years Nikolay Perevoshchikov acted as Udmurtia's minister of internal affairs at the most tense moments: in August 1991 and in October 1993, each time emerging with honor from difficult situations. He once joked: "The minister is on leave, which means something will happen again!" Something did happen.

The Udmurt Supreme Soviet Presidium has proclaimed a day of mourning in the Udmurt Republic for 11 October, when the funerals of Nikolay Perevoshchikov and members of his family will take place.

Tula Plant Halts Production of Kalashnikovs

MM1110113194 Moscow SOVETSKAYA ROSSIYA in Russian 11 Oct 94 p 2

[Unattributed report: "Kalashnikov Jubilee"]

[FBIS Translated Text] Preparations are under way in Izhevsk to mark the 75th anniversary of the birth of world-famous arms maker Mikhail Kalashnikov, according to Volga Military District newspaper SOLDAT OTECHESTVA [Soldier of the Fatherland]. An organizing committee has been set up in the city. Newspapers carry articles about Mikhail Trofimovich's life and design work, while the republic's cinematography studio is making a movie about him. An exhibition on the history of Russian weapons will open in the city on the jubilee day.

Meanwhile, the Tula plant has halted production of Designer Kalashnikov's automatic weapons. According to the newspaper MOLODOY KOMMUNAR [Young Communard], Tula is no longer the city of arms makers. Production of the "Grad" salvo fire system has been halted, while the unique design bureaus have no more work to do.

According to data of the oblast statistical administration, the volume of industrial output in the oblast declined by one-third between January and September, while output was halved at machine building and metal processing enterprises working mainly for the defense industry.

Tambov Oblast Charter Generates 'Conflict'

MM1110131794 Moscow ROSSIYSKAYA GAZETA in Russian 11 Oct 94 p 2

[Report by Yevgeniy Pisarev: "New Charter, Old Game"]

[FBIS Translated Text] Tambov Oblast—The differences of opinion between the administration and the representative power have evolved into a political conflict. The bone of contention is the oblast's charter.

Believing that they are expressing the will of the people, in the draft charter the Duma deputies have envisaged powers for themselves which do not always comply with the Russian Federation Constitution and edicts of the Russian president.

"In a number of the country's regions, representative power operates according to a single clearly defined scenario in which a desire to revive the soviets can be traced," Tambov Oblast Governor Vladimir Babenko believes. "I hope that, with the revision of the charter, common sense will nevertheless prevail. Things will not go as far as a political confrontation. There is enough for us all to do within the framework of our powers...."

Tambov Mayor Valeriy Koval deems the principle of the co-subordination of the authorities, introduced by the charter, to be unlawful. If the draft charter envisages the election of the governor by the nation, then the Duma cannot settle the problem of removing him from his post. Particularly since under this draft it is practically impossible to reelect the Duma itself.

Apart from that, the authors of the charter inend to enshrine the supremacy of local duma decisions over federal laws. According to specialists, this may ultimately lead to the creation of a kind of Tambov SSR [Soviet Socialist Republic]. Incidentally, a year ago the Tambov Oblast Soviet, whose composition differed little from the current Duma, was already making a tentative attempt to proclaim a Chernozem Republic, inviting neighboring oblasts to join in. Admittedly Aleksandr Ryabov, then chairman of the oblast soviet and currently chairman of the oblast duma, stated that they were thus trying to exert pressure on the Russian president during the period that edict No. 1400 was entering into force.

Following this logic, the draft oblast charter can also be perceived as an attempt to frighten the executive and test it for pliability.

But the draft has already undergone an experts' examination at the Saratov Juridical Academy, where it received a positive assessment rather than a negative one. In its turn, the oblast administration intends to send the document to the Russian president's State-Legal Administration. Specialists are instructing that there should be no haste in adopting the charter before the law on the basic principles of local self-government comes out.

Arzamas-16 Site To Manufacture Optical Lenses

MM1110135594 Moscow ROSSIYSKAYA GAZETA in Russian 8 Oct 94 p 2

[Report by Yuriy Shukov: "Sapphires From Nuclear Center"]

[FBIS Translated Text] Nizhniy Novgorod—It has been decided to establish a new production unit to process natural crystals in the city of Sarov, better known as Arzamas-16. They will be produced using computer and laser technology. The planned output is unique, namely artificial crystalline eye lenses, ophthalmological instruments, and diamond instruments.

Arzamas-16 long ago mastered production of artificial crystalline lenses. People here learned to cultivate leucosapphires from crystals, cut them with discs, polish and calibrate them. The Sarov lenses, which Fedorov, the well-known ophthalmologist, uses, weigh just 22 milligrams, one-third less than those produced in other highly developed countries. Moreover, the Sarov lenses do not alter their optical properties with time.

The new production unit will be based on approved technologies and on developments which nuclear physicists have hitherto been putting together "secretly." The anticipated result being over 450 new jobs for high-class specialists, and unique output in constantly increasing demand.

Yeltsin Orders Investigation of Rights Violations

LD1110221094 Moscow Radiostantsiya Ekho Moskvy in Russian 1900 GMT 11 Oct 94

[FBIS Translated Text] The Russian president has issued an order setting up a special commission to verify cases of human rights violation in Maritime Kray. Moscow Echo radio has learned of this. We remind you that earlier the PRES [Party of Russian Unity and Accord], Russia's Democratic Choice parties, and the Yabloko faction appealed to the head of state to set up such a commission.

International Affairs

Former U.S. Envoy on Progress, Kuchma Visit

WS1210090094 Kiev KHRESHCHATYK in Ukrainian 5 Oct 94 p 2

[Interview with Oleh Bilorus, former Ukrainian Ambassador in the United States, by UNIAN correspondent Svitlana Artemenko; place and date not given: "Critical Mass of Aid for Ukraine"]

[FBIS Translated Text] Oleh Bilorus, the first Ukrainian ambassador to the United States in history, has recently returned to Ukraine. He is still on vacation and is busy writing the books "Ukraine's National Strategy" and "Ukraine's International Strategy." The diplomat ponders the state of Ukrainian-U.S. relations and speculates on possible prospects for their development in an interview with a UNIAN correspondent.

UNIAN data: Before Oleh Bilorus was nominated as ambassador to the United States, he headed the Institute of International Economy and International Relations at the Ukrainian Academy of Sciences and the International Institute of Management, and he was vice president of the Ukrainian Academy of Business and Management. He speaks English, French, German, Serbo-Croatian, Polish, and Bulgarian.

[Artemenko] Can we hope that Ukrainian President Leonid Kuchma's visit to the United States—scheduled for 28 November—will resolve, or at least facilitate, the resolution of our key foreign policy problem pertaining to security guarantees from the international community.

[Bilorus] This issue can be resolved at the level of both our bilateral relations with the United States and our multilateral relations with the G-7 states. The only obstacle is the Nuclear Nonproliferation Treaty [NPT], which Ukraine has not yet joined.

[Artemenko] What is more important for us—NPT membership or international guarantees?

[Bilorus] Ukraine favors and has to favor the simultaneous resolution of these issues. We have promised that Ukraine will join NPT. Still, nuclear disarmament should not be accomplished at Ukraine's expense. Our national interests and security should be taken into consideration. We emphasized this idea at the very onset of our relations with the United States; this subject was raised during Leonid Kravchuk's visits to the United States on 8 April 1992 and in March 1993.

[Artemenko] Has anything changed in this sector of our foreign policy? U.S. Defense Secretary William Perry said during his visit to Ukraine that the United States does not issue exclusive guarantees to a single state....

[Bilorus] The U.S. secretary of defense stated first of all that the United States does not issue any military guarantees. In general, the positive development of the U.S. position is obvious: If the Bush administration intended to remove the issue of special guarantees to Ukraine from the UN agenda—referring to the UN standard (minimum) guarantees and the risk of setting a precedent for issuing special guarantees to a single state—the current authorities in Washington realized that they should make a step forward, so that Ukraine, this genuinely great state, could become a nonnuclear, nonaligned, and neutral state in the future.

[Artemenko] What guarantees can we receive?

[Bilorus] They can be of a political but not military nature. The nuclear states have realized the unique Ukrainian situation and will aid us in the destruction of nuclear weapons without exercising any political, economic, or military pressure on Ukraine. This is not an aim in itself but a new step toward the establishment of a model system regarding the issues of our security, territorial integrity, and inviolability of our borders.

[Artemenko] The U.S. press mentioned that Ukraine is pushing for such guarantees which will automatically deprive Russia of U.S. financial and economic aid if it interferes in another nation's affairs or tries to resolve the Crimean issue by force.

[Bilorus] The U.S. press always speculates on various issues. I do not believe that Russian intervention is at all possible. I do not believe that Russia will interfere in the Crimean issue. My first article, published in the U.S. press in April 1992, was entitled "Russia Is Our First Priority." I foresaw at the time that an historic Russia-Ukraine-United States triangle could emerge. It is very important to include new paragraphs—regarding the absence of territorial claims and the inviolability of our borders—to the Ukrainian-Russian treaty on friendship and cooperation. If it is otherwise, this treaty will be devoid of all political meaning.

[Artemenko] How tough are the U.S. demands for us to join NPT? Some people think that the United States is concerned about political instability in Russia and does not insist on Ukraine joining this pact. On the other hand, Russia's representatives mention in unofficial talks that they are ready to disregard Ukraine' ambiguous NPT position if we cooperate militarily in the future.

[Bilorus] These two viewpoints are not new to me. There are some external forces which would like to keep nuclear weapons in Ukraine. We will, however, develop a national strategy on this issue. We have removed our tactical weapons. We have left only SS-19 and SS-24 strategic missiles, which we cannot maintain and whose warranty periods expire soon.

[Artemenko] The U.S. aid in weapons destruction is more symbolic than genuine....

[Bilorus] First of all, such international programs are in the infancy stage. The mechanisms for their implementation have not yet been developed. From where will the $175 million come? We had 176 nuclear units. The value of every nuclear unit is some $1 billion. Our estimates are different. The cost of the unfinished Navy cruiser "Varyag" is some $3 billion on the international market, hence, a large-scale program for Ukraine's nuclear disarmament over the next 7 to 10 years—taking into consideration environmental and social aspects—cannot be any cheaper. The United States did not recognize this viewpoint at first. The United States will open a route to transfer materiel and other material resources to Ukraine this fall. The U.S. Government has placed its orders for materiel and fuel with U.S. corporations. The largest batch of material will arrive before Leonid Kuchma leaves for the United States.

[Artemenko] Are you planning to sign a bilateral Ukrainian-U.S. charter on friendship, cooperation, and partnership during the upcoming visit to the United States? This document includes the demand that Ukraine join NPT, but the Ukrainian Supreme Council will hardly be able to discuss this issue before the visit takes place.

[Bilorus] The sides have agreed that if Kuchma brings the draft document on NPT membership, the United States will have no objections at all. This charter will certainly be discussed at the talks and will likely be initialed or will be adopted de facto if a compromise is not reached.

[Artemenko] What documents are you planning to sign during the visit?

[Bilorus] Some 10 or 15 documents are usually discussed, however, only half of them are signed. The point is not in the number of documents but in their political quality. Ukraine has signed 39 pacts with the United States. The USSR had some 100 agreements. We are planning to discuss—in addition to the charter—a draft document on security guarantees for Ukraine and a convention on consular relations.

It is important that the United States perceive the potential of our state and realize that Ukraine, as well as Russia, can support the efficiency of the U.S. presence in Europe. This is why Bill Clinton called 1994 the year of Ukraine in the United States. Some 90 percent of U.S. citizens know about Ukraine and where it is located. This establishes new prospects for Ukrainian-U.S. cooperation in international markets.

[Artemenko] The West, however, has initiated several anti-dumping motions against Ukraine....

[Bilorus] Anti-dumping motions are normal in economic competition. The United States should give us most-favored-nation trading status and allow the preferential trade of some 5,000 items.

[Artemenko] Do you agree with the criticism of the Ukrainian diplomatic corps which, according to some of our top officials, has pursued a passive foreign policy?

[Bilorus] We cannot develop a policy over a two-year period. Ukraine did not pursue its own policy for some 200-300 years. I do not agree when the efficiency of diplomatic work is reduced to the number of official visits or signed agreements. The greatest achievement of the Ukrainian Embassy in the United States is that the attitude—ranging from pressure to constructive partnership and cooperation—toward Ukraine has changed profoundly. The Ukrainian Embassy has established a "world record" in the number of visits to the White House and the Departments of State and Commerce. These are, however, only figures. Our cooperation with the United States and our presence on the world arena demonstrate our political achievements.

Kiev Expects Western Support for Market Reform

LD1110170794 Moscow INTERFAX in English 1417 GMT 11 Oct 94

[FBIS Transcribed Text] Ukrainian leadership expects financial aid from IMF and Western countries within the coming month.

As Economics Minister Roman Shpek told newsmen in Kiev Monday, Ukraine needs $965 million to back up economic reform before the year is out.

Kiev hopes to get $365 million of the sum from IMF in the form of a systemic transformation credit with the rest funds to come from other countries through bilateral crediting.

In the words of Ukraine's Deputy Premier Igor Mityukov, if Ukraine receives an IMF credit, it will spend it above all to repay its fuel debt.

Shpek reported that Russia and Turkmenistan had already agreed that IMF should be involved in resolving Kiev's debt problem in line with an agreement reached between Ukrainian, Russian, and Turkmen representatives on the one side and IMF officials on the other at the IMF annual session in Madrid.

The IMF Board of Directors is to adopt a decision on aid to Ukraine at its session in late October. The IMF and World Bank have offered the Ukrainian leadership to implement a number of measures to liberalize prices, speed up privatization, and assist free enterprise already this year.

According to one of the presidential advisers on economic matters Kuznetsov, the IMF demands figure out in a speech President Kuchma is to deliver in parliament today.

"Ukraine is facing a crucial choice. If we chose a market path, we can count on world community support," Kuznetsov stressed.

Envoy Views Diplomacy, Relations With Russia

WS1110150094 Kiev KIYEVSKIYE VEDOMOSTI in Russian 4 Oct 94 p 3

[Interview with Oleh Bay, adviser at the Ukrainian Embassy in Russia, by Vladimir Katsman; at the Ukrainian Embassy in Russia, date not given: "Ukrainian Diplomacy: Childhood? Adolescence? Youth?"]

[FBIS Translated Text] This interview has been conducted at the Ukrainian Embassy in the Russian Federation before the appointment of the new leadership of the Ukrainian Foreign Ministry and before Volodymyr Kryzhanivskyy, former Ukrainian ambassador to Russia, concluded his mission in Moscow. However, many statements made in that interview have not lost their urgency to this day.

Oleh Serhiyovych Bay had long been our colleague, a journalist. Next, he worked in the Supreme Council. Somewhat over a year ago, he began his work in diplomacy. Today, he is an adviser at the Ukrainian Embassy in the Russian Federation. He refers to himself as a "servant of the young Ukrainian diplomacy."

[Katsman] Is Ukrainian diplomacy really so young, Oleh Serhiyovych? Has our diplomacy not inherited a part of the Soviet diplomatic traditions? Besides, three years of its independent course have also passed...

[Bay] We often use the term "young Ukrainian state," while forgetting that Ukraine was one of the cofounders of the United Nations. Ukraine is both an older and more experienced member of the world community as compared to many other countries. For some reason, each time we choose the starting point anew, whereas the rest of the world had sets it at Christ's birthdate. However, we should admit that our diplomacy is young. This is because Ukraine has only recently begun to gain experience in bilateral diplomatic relations. During the Soviet times, too, we could work only in those international organizations concerned rather with multilateral cooperation, while having sporadic tete-a-tete contacts with our partners. Furthermore, there appear problems with mutual relations between the compatriots—diplomatic services of all the former USSR republics. The principle of the "older brother" comes into operation; this happens because we have gotten used to instructions and directives from the center. Therefore, we have to reconsider many things. Now the interests of our own state are being centered in the focal point.

[Katsman] Obviously, "state interests" is a rather broad term. Can you assert that Ukrainian diplomacy today, in particular, that part represented here in the Russian Federation, realizes those interests and is capable of separating them from minor problems?

[Bay] I would like to discuss state interests, having in mind their foundation—the interests of every citizen. I am sure that then not only Ukrainian diplomacy, but also every Ukrainian citizen has yet not realized his own interests to the full extent.

[Katsman] How does the current economic and political situation in Ukraine affect the work of diplomatic services?

[Bay] I will give you an example from the diplomacy of good old England. Ministers and governments come and go while the core staff securing the continuity in defending England's interests remains, including also the core staff in foreign politics. I think that Ukraine's political vector may be pointed in whatever direction, but the point of origin of such vectors should really be the sole point of common state interests.

[Katsman] Where is the guarantee that this core—people, structures, and organizations—will always determine this vector in the right way?

[Bay] Diplomacy cannot tolerate a counter course. The world will not understand a country that changes its emblem, flag, anthem, disposition, and approaches to the economic system every year. If, striving to join the civilized world of market relations all the time, we sharply change our direction (there is a threat of such a development in Ukraine), the world will not only be astonished—the world will be scared. We always bid farewell to our past too soon. There is no Madonna effect [as published]—"everything at once!"—possible in politics, economy, and diplomacy. One more point: We constantly assure ourselves that an orientation toward a single country or a group of countries will help us find an optimal option for shaping our life. The understanding of the truth that we should primarily be oriented toward ourselves is reaching us too slowly, in a stage-to-stage manner. We are faced with the task of building strategic relations with Russia as our great neighbor and realizing our position as a European state. We should learn to understand that the United States is the most powerful nation in the world, and that we will get nowhere without normal relations with this country. Here you have the three aspects of Ukraine's state interests. There surely may be more.

[Katsman] In the Soviet Union, from which we are trying to escape, there was a rule: A ministry charged with a specific task drafted the plan for its implementation and next, having received permission from superiors, began to implement this plan with zeal. Does the Ukrainian diplomatic service follow the same pattern?

[Bay] The point is that we should have strict coordination of our steps, otherwise your initiative, regardless of how useful today, may spoil the whole affair. On the other hand, diplomatic life puts you in situations where at least you assess those situations entirely on your own. There is a funny old diplomatic anecdote: One of the USSR ambassadors publicly announced that he himself assumes all responsibility for any resolution, because the Central Committee had allowed him to do so... To work following strictly one's commissions makes one a robot.

[Katsman] What is the most dangerous issue in diplomatic work?

[Bay] I think that the main danger for us is to play a game of statehood... This is not only dangerous for an individual—this is a great responsibility before the people. In this sense, there can be no way back to the past—we are not playing a game of statehood, we are trying to build our statehood together with all Ukrainian people. There is one more danger—I call it a "sergeant's effect." Many of us would still like to remain nothing more but privates, no matter how humiliated and abused, whose lives are guided by sergeant's decisions—you must not worry where to stay overnight, and you are given a little allowance... This is a dangerous symptom. For over almost one and a half years of my work in the Russian Federation, I felt like a foreigner in a friendly state. And I think that this is the most acceptable status. I want to feel like a Ukrainian citizen and representative. A real one.

It is quite obvious that the current level of relations between Ukraine and Russia does not correspond to the great future facing these two countries. I am sure that today we need to start building good-neighborly, partner-like, and equal relations, naturally, taking into account that Russia is our priority and (I hope that we will succeed in convincing Russia of this) strategic partner. We should follow a path of compromises and concessions. We should be clearly aware that Russia has no obligations toward us, Russia is not our older brother or good auntie, Russia proceeds from its own interests and behaves quite rigidly in this connection. On the other hand, we are simply obliged to reassure Russia—regardless of how much people dislike this idea—that there is a state named Ukraine, and that it should be treated like a state. If this is realized by both sides, there will be prospects for the future for us.

Third Round of Talks With Russia Begin

LD1110220094 Moscow INTERFAX in English 1743 GMT 11 Oct 94

[FBIS Transcribed Text] The third round of the Ukrainian-Russian talks on the draft treaty on friendship and cooperation began in Kiev today. The two countries will try to align their positions on several disputed provisions of the treaty.

Russian Chief Negotiator, Special Envoy Yuriy Dubinin said Russia never refused to recognize Ukraine's territorial integrity.

Commenting on the same issue, Ukrainian Chief Negotiator, Head of the Ukrainian Foreign Ministry's Legal Department, Aleksandr Chaliy, told Interfax-Ukraine that the delegations would be searching for precise formulas which would be used when working on specific provisions of the treaty.

Chaliy said the Russian position was based on confirming Ukraine's territorial integrity and the inviolability of Ukrainian borders. He said Ukraine opted for more precise formulas while Russia was in favor of softer ones. "The problem is finding a compromise," he added.

Chaliy said the issue of dual citizenship would be discussed during the talks. He said the delegations were trying to find a formula which would not contain the term 'dual citizenship'. At the same time, he agreed that such a problem existed and that it must be resolved.

The Ukrainian-Russian talks in Kiev will last for two days.

Economics Minister on IMF Session in Madrid

LD1110215494 Moscow INTERFAX in English 1743 GMT 11 Oct 94

[FBIS Transcribed Text] Ukraine may count on international financial assistance of $5.5 billion from the IMF, the World Bank and the donor-countries, Ukrainian Economics Minister Roman Shpek told Ukrainian parliament, summing up the results of a Ukrainian delegation's work during the IMF session in Madrid.

A STF [expansion unknown] credit, which is the subject of the current talks, is likely to be extended to Ukraine at 5.25 percent annually. The repayment of the credit is to begin in 4.5 years. The entire credit is to be paid back during the next 10 years.

Shpek said that the credit would be extended in connection with the implementation of the economic reform program.

The final decision on the first part of the IMF credit (about $360 million) is expected to be taken at the end of October during a session of the IMF Board of Directors.

After this, the World Bank is likely to extend credits to Ukraine, said Shpek.

He pointed out that these credits would become an inflation-free source of overcoming Ukraine's trade and budget deficit.

Udovenko Says Kiev Observing Sanctions Against Iraq

LD1110182394 Moscow INTERFAX in English 1535 GMT 11 Oct 94

[FBIS Transcribed Text] The recent developments around Iraq have made it difficult for Ukraine to resume cooperation with that country, Ukrainian Foreign Minister Hennadiy Udovenko said in Kiev on October 11.

Answering a question put by Interfax-Ukraine, he said that "there is no Ukrainian presence in Iraq" as distinct from other countries, including the United States and Russia. He said that Ukraine continues to observe UN sanctions against Iraq.

However, there are legal possibilities for our cooperation, said the minister. During the meeting with the Iraqi prime minister, when Udovenko attended the UN General Assembly, he said that the possible resumption of cooperation was under discussion.

He said that Ukraine is responsible for a large part of the of former Soviet Union's assistance to Iraq.

The Minister expressed hope that commonsense will gain the upper hand and tensions around Iraq will not increase. Everything depends on the Iraqi leadership, he said.

Speaking about his presence at the UN General Assembly, Udovenko said that Ukraine took part in discussions on the possible increase in the number of the UN Security Council permanent representatives.

Ukraine, according to Hennadiy Udovenko, supports Italy's proposal on providing seats in the UN Security Council for East European countries.

Masol: Sell Arms To Cover Debt to Armenia

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["Special to INTELNEWS" by Viktor Kovalenko]

[FBIS Transcribed Text] Kiev, Oct.7.—Ukrainian Prime Minister Vitaliy Masol said Friday his country is ready to sell military equipment and arms to Armenia to cover Ukraine's foreign debt to that country.

Masol said Ukraine is currently unable to provide sugar, butter and oil deliveries on a large enough scale to meet Armenian demands because of the agricultural sector's plummeting production rate.

Capping off week-long negotiations between the two countries, Masol met Friday with Armenian Prime Minister Grant Bagratyan in Kiev to sign four trade agreements on economic cooperation to break the trade deadlock. The package of agreements covered investment protection, free trade, economic cooperation, and the coordination of customs services. "Currently, there is no trade between our countries at all," said Bagratyan, "but the Armenian side has been willing for a long time to sign an agreement which would allow us to stop bartering trade and begin civilized trade cooperation."

Bagratyan stressed the Armenian Government is not deeply concerned about when it will be paid, because he said the total debt to Armenian enterprises from Ukrainian ones is relatively small compared to Ukraine's gas debt to Russia—currently estimated at more than $1.5 billion.

Armenian negotiators proposed a "zero option" deal that would nullify any outstanding mutual debts between the two countries. According to the Ukrainian Ministry of Statistics, as of June 1, Armenia owed Ukraine about $225,000 while Ukraine owes more than $370,000—a debt difference of $150,000 in Armenia's favor that Ukraine would be forgiven under the Armenian proposal. However, Masol rejected the "zero option" solution and said a working committee of specialists from both countries will be established within 20 days to develop a mutually acceptable solution to the debt issue.

The Ukrainian and Armenian prime ministers also agreed to open a Ukrainian Embassy in Armenia in the near future and develop a unified system of export quotas.

National Affairs

Kuchma Addresses Supreme Council 11 Oct

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[Speech by President Leonid Kuchma to the Supreme Council in Kiev—live]

[FBIS Translated Text] Esteemed people's deputies and esteemed guests, almost three months have passed since the election of the new president of Ukraine. This time has been used as much as possible to achieve real understanding of the trends and processes that determine the development of our society. Concrete steps have been taken to normalize the economic and political situation in Ukraine. A whole number of principled measures have been carried out to reinforce our personnel potential, for the state to influence the main spheres of economic and sociopolitical life, to erect a hierarchy of government, to build our armed forces and law enforcement agencies, and to combat widespread complacency and irresponsibility in the establishment of law and order. There have also been other positive achievements in the common activity of the president, parliament, and government.

We, however, have so far failed to stop or even lessen the crises that are dealing a destructive blow on Ukraine. It is impossible, quite honestly, for the above measures to change the direction of social development. It is only possible up to a certain point to maintain the operation of the worn-out mechanisms providing for Ukraine's vital needs without accidents.

In analyzing the state of our society, there is convincing evidence that it is hopeless to attempt to rescue it by old-fashioned methods and that we need a qualitatively new socioeconomic and political strategy. In view of this, the first months of the president's activity became a period for accumulating forces, for substantial work on economic and sociopolitical transformations, and for the introduction of considerable amendments to domestic and foreign policies. This preparatory stage is coming to an end now, and the president is on the offensive taking resolute action.

In fact, we are to enter a new stage of Ukraine's development. It will either give us a chance to survive and ensure that we and our future generations live worthily, or it will conclusively throw us far back, depriving us of the final opportunity to keep abreast of modern civilization. It is under the influence of this that I decided to appeal to the Supreme Council and the whole of society for the support of the principal provisions of the president's socioeconomic and political strategy.

The first thing that the president and the Supreme Council must do is to achieve objective understanding of our economic and political heritage, our initial capabilities, and where we should start to assume the responsibility for the present and the future of our people.

Deputies have received a written report on the state of Ukraine's economy and the president's new economic policy. I will, therefore, dwell only on its key aspects.

It is unpleasant, but we have to admit that Ukraine has not yet achieved real independence. In 1991, it achieved only the attributes of a sovereign state, but over the last three years it was unable to fill these with real content. Especially dangerous is the fact that the building of the national economy has not been finalized. The transition from an administrative and directive system to a market economy, and the transition from the general Union economic complex to our own economic system, could not be painless. This is confirmed by the experience of other countries; however, there is no historical analogy to what has happened to Ukraine's economy. In 1991-1993, domestic output was reduced by 39 percent. Meanwhile, the decline in U.S. output during the Great Depression did not exceed 25 percent. During World War II, the lowest point in the decline of industrial output in the Soviet Union was 30 percent.

We never did manage to establish a functional and efficient financial system, which is the starting point of every state. Ukraine leads other world countries in the size of its state budget deficit. In 1992, budget expenditure took up 61.7 percent of the national income; last year it was 73.2 percent. This year, according to the Ministry of Finance, it will exceed 85 percent. This, incidentally, is the obvious sign of increased state control over the economy and of bureaucratization, which is what we have been so vigorously opposed to since the declaration of independence.

The funding of the state budget deficit now absorbs 85-95 percent of credit emission, reaching almost 20 percent of the gross domestic product. In this situation, there is no prospect whatsoever for the accumulation and extended reproduction of capital. Meanwhile, the state collects only 50 percent of taxes or even less, which is another convincing proof of its economic inefficiency.

Ukraine was the first of the former USSR countries to declare in the summer of 1991 a perfectly justified intention to introduce its own national currency unit—the hryvna. However, even this fundamental task in the development of a national economy was never fully carried out.

We stopped half way, having retained in circulation a temporary monetary unit, the prestige of which, unfortunately, was not worthwhile even to mention. World Bank data shows that the level of inflation in Ukraine in 1993 was the highest worldwide. It is known that external factors considerably affected this index. This, however, does not resolve the problem. In 1994, inflation declined significantly. Artificial stabilization, however, took place due to enterprises stopping en masse, budgetary payments being postponed, and the debt growing as never before. Our debt to the sociocultural sphere alone is between 30 to 70 percent of budgetary payments.

As a result of inconsistent policies, the nonpayments crisis has exacerbated and is worse than at any time in the past years. As of 1 August of this year, enterprises' and organizations' accounts payable came to 312 trillion karbovantsi and accounts receivable to 247 trillion karbovantsi, which is 10 times worse than figures in Russia, where President Yeltsin—as long ago as in March of this year—described the payments crisis as a phenomenon that posed a threat to that country's national security.

We have failed to take control of another area that is also among the key elements of the national economy, that being foreign economic activity. One of the reasons for this was attempting to assert Ukraine's statehood and economic independence with the aid of radical political reorientation from the East toward the West, which was a strategic miscalculation. As a result of specialization—created after many a decade on the basis of union-wide distribution of labor—Ukraine, indeed, only provided around 20 percent of end products. This is why it should not have taken the road of immediately and mechanically abandoning the well-sorted-out system of economic ties.

The situation was also aggravated by the fact that, as a result of its inability to manufacture goods that would be competitive and conform to world standards, Ukraine could not rapidly integrate in the system of Western markets. Ill-considered policies on the preservation of national interests, or even the misunderstanding of these interests in the period of the disintegration of the USSR and the establishment of our young state, eventually led to the loss of many markets in which to sell Ukrainian-made goods. Some estimate that the fall in production between 1991 and 1993 by over 35 percent was caused by the factors that relate to errors in our state's foreign economic policy.

Ukraine's foreign economic debt is on the increase catastrophically, going up by 600 million dollars per quarter. Today, in fact, it amounts to around 7 billion dollars, at the same time as not just millions, but billions, of dollars of proceeds from goods exported uncontrollably are accumulating at banks abroad.

Gross mistakes in foreign policy have led to a dangerous rise in the shadow economy, upon whose basis a semi-criminal fifth authority has formed in Ukraine that seriously competes with the state. Suffice it to say that almost a third of money is now outside banking circulation.

The population's living standards are falling dramatically. Compared with 1991, the population's purchasing power has gone down almost five-fold, now almost two and a half times lower than in Russia. Total devaluation of motivation to work productively has occurred in the economy's state sector. With its volume a determinant, every third employee of this sector can be categorized as implicitly unemployed.

The ungovernable stratification of the population is assuming a dangerous scale: accumulation of wealth at one end and increasing impoverishment at the other. Reproductive processes are rapidly diminishing. National wealth accumulated by numerous generations is being squandered every day. A dangerous process of Ukraine's deindustrialization is under way. In five or six industrial sectors, our state used to have the scientific and technical potential for a world technology standard. Today, even these are in decline. Physical disintegration of the productive forces is led by the destruction of society's scientific and intellectual potential. There is an ongoing fall in personnel standards in the productive sector and an exodus of capable young people from the science and technology sector.

In the past three years, the network of organizations involved in design, science, and research was reduced three-fold, and the number of scientists fell by 30 percent. A considerable number of them left the country. The proportion of budget expenditures for these purposes fell from 3 percent of the GNP to 0.7 percent in 1994. As a result of aging and depreciation of technology, as well as the decline in output, we are on the verge of mass economic and environmental disasters and a collapse of the vital productive infrastructure. We may become the world's first country unable to cope with its own industrial and military-technical potential and become an environmental threat to neighboring countries. That would be a nation's moral disgrace.

Thus, there is a real danger of Ukraine being pushed to the outskirts of the world economy, falling into a technological and financial dependence on other nations, and transforming into a raw materials appendix and a site of environmentally harmful production. All this will create objective conditions for Ukraine's neocolonial status, limited political independence, and sovereignty in dealing not only with international but even domestic problems. This kind of dependence will not be removed, either with mass political acts or strikes or even with an armed struggle. The return to the community of highly developed countries may take decades or even become impossible.

I stress the word return, because you cannot describe a country as underdeveloped if, even today, it is capable of exploring space, producing modern planes, ships, engines, control systems, the latest military technology, etc.

The above analysis provides grounds for saying that Ukraine possesses undeveloped or deformed economic foundations of a state, which are needed to ensure its independence, internal stability, and international authority. It is necessary to take resolute measures that would naturally combine urgent anticrisis moves with the implementation of a new economic and political strategy, and thus fend off the threat of a national disaster.

In this respect, what is the social and economic policy to be consistently and staunchly pursued by the president of Ukraine? The basis of this policy is recognition of the objective need for substantial acceleration of market transformations in the economy. Under the present economic situation, there is no alternative to this course. The exhausting period of transition from a command-type to a market-based, socially-oriented economy cannot be stretched in time indefinitely.

Incidentally, the Supreme Council has also proclaimed the development of a market economy to be the main goal of the state economic policy. This fully agrees with the presidential strategy.

What are the priorities of the announced economic policy to be undeviatingly followed by all executive power units both in the center and locally? I will name six definitive points of this course, the essence of which is further explained in the written report to the parliament. The first group of problems amounts to ensuring the stabilization of the financial and monetary systems. This is the basis of creating a genuine impetus to production, overcoming the economic crisis, and further restructuring the economy in a qualitative way. It is necessary, whatever the circumstances, to overcome that most destructive crisis in the economy, the financial crisis.

In this connection, we need to agree with the Supreme Council that it is impossible to ensure the country's financial stabilization within the limits of the existing financial model. The past three years' experience convinces us that no cosmetic changes in the sector will improve the situation. The overcoming of the financial crisis is possible only on the basis of a deep structural reform of the entire financial system in the country. The basic principles and mechanism of this reform are to be determined in the law on Ukraine's budget system, the draft of which will soon be submitted to the Supreme Council.

The determining factor in the wide range of problems concerning the reform of the financial system is radical restructuring of the taxation system toward its deep liberalization, reduction of the tax pressure, and formation of an effective economic mechanism to stimulate production and business. An important means of such restructuring is the implementation of the principle of stability and equality in taxation with regard to any business.

Financial and monetary stabilization is directly related to radical deepening of the banking reform. It is necessary to strengthen the country's banking system. Ukraine has an undeveloped bank network. Our banks cannot compete with Russian, and especially Western, banks. There is a need for an effective state policy on the issue, because we are talking about the basis of dealing with practically the entire range of existing economic problems and safeguarding the country's economic sovereignty.

At issue here is not returning to the monopolization and nationalization of the banking system. On the contrary, it is establishing a really two-tier banking structure with a strong autonomous—I emphasize autonomous—national bank and an authoritative, stable, and competitive network of commercial banks. The main ways to settle this issue of principle are set out in the report in writing, and I hope for parliamentary support in this respect as well.

The pressing issue with regard to financial and monetary stabilization is overcoming the payments crisis. The report in writing also contains a comprehensive range of steps that we have already started and will consistently continue to implement in the future.

The second group of problems is making radical institutional changes. I would like to draw attention to certain aspects of this only. The main task here is fundamental reform in ownership relations.

The president's policy will be aimed at universal establishment of modern, civilized, and economically effective forms of private ownership, alongside the state's. This is the fundamental basis for the radical revival of our economy and its accession to contemporary achievements of world civilization, to the liberation of the individual, and to the democratization of society. I understand how difficult and many-faceted the road toward the institution of truly civilized forms of private ownership has been all along. In this respect, I am counting on the parliament's deep understanding and cooperation.

What is my fundamental view on this issue?

First, it means a transition from the bankrupt, destructive course of creeping denationalization—which has led our economy to the present-day universal spread of shadow dealing—toward the implementation of rapid state-governed, wide-scale privatization. It is necessary to understand that those who are trying to restrain this process, whether they like it or not, are working not for the state, not for the good of the people, but for the shadow capital.

Second, it means efficient use of the corporatization method, which consolidates private ownership at the same time as preserving collective forms of management. In this case, it means a transition from collective association—where property is owned by all, and which failed historically—to a kind of association where property is owned by each individual. We must recognize that the basis of our policy, in this respect, should be the formation of a middle class as the basis of economic and political stability in society.

Third, we must understand that the main tool for effective transformation of ownership relations is the establishment of a modern stock exchange in Ukraine. A stock exchange and the banking system are two interrelated entities that must become the driving force of not only economic change, but of the proper restructuring of ownership relations.

The issue of radical changes to the system of management of the economy is of special significance to us. We have to admit—and I would like parliament to support me accordingly—that the present sectoral structure of the management of the economy has virtually exhausted itself.

It has turned into one of the major stumbling blocks in radically reforming the economy. I am very well aware of the difficulties in restructuring the management of economic processes accordingly, and I did and do back a strong system of state management. To perform this task on the basis of the sectoral principle, however, is virtually impossible, and fundamentally different solutions are needed, which are also suggested in the written report. It is proposed, in particular, that sectoral ministries will undertake coordinative functions, as well as being scientific, technological, prognostic, and personnel policy centers.

There are two principle aspects: organizationally restructuring production, setting up financial and industrial groups, holding companies and other analogous structures; and decentralizing managerial functions and transferring a considerable portion of powers and, of course, responsibility to regions. I again call on Supreme Council deputies to search together for optimal solutions to this pressing issue.

The third group of problems concerns structural policy. Ukraine has no economically substantiated foundation of structural policy yet, this being the weakest spot of our economic system. Every previous program gave precedence to some 10 industries. The unrealistic nature of this approach is obvious.

The economic policy proposed is based on awarding priority to our economy's industries with high scientific and technological content, that have not yet been totally ruined and that can preserve Ukraine as a state able to integrate in the world economy as one with a powerful technological potential.

We must draw up and carry out a relevant state program, with all our economic resources concentrating on its implementation. If we fail to do this, we will continue sliding toward the outside of the modern industrial process.

We have to ensure by applying economic fulcrums a faster growth of the industries where capital turnover is quick, such as: consumer goods production, some of the primary sectors of the agroindustrial complex, and the sphere of consumer services and trade.

The fourth problem is that of developing the agrarian sector and the president's agrarian policy. All of us have to clearly understand this: Obstructing agriculture's entry into the reality of market relations in any way and stalling the implementation of agrarian reforms is one of the main factors in the way of resolving the crisis in the economy as a whole. A situation from where there is no way out is arising specifically in agriculture at the same time.

Among the great number of problems in agrarian transformation outlined in my report, I would like to focus on one only, which is carrying out a radical land reform in Ukraine.

My policy will be to support all existing forms of ownership in the countryside: state, collective, and private, and the corresponding forms of management. At the same time, I must say in all frankness and make it completely clear that, above all, I will aim at vigorous efforts to provide sufficiently wide room for private land ownership in the countryside. We must draw conclusions from our own history. Ukraine will never be able to fulfill its extremely high potential and competitive advantages in the development of the agrarian sector if it moves away from radical restructuring and down the road of cosmetic changes, to what is essentially the ideological land relations forcibly imposed once at the price of huge national losses.

I am very well aware of all the difficulties involved in dealing with this problem. First, we must take into account regional peculiarities. Second, we must use transitional forms, including land sharing in collective farms. Third, we must use the strictest possible system of state controls. It is certain that land must belong to those who work it.

We, nevertheless, cannot allow an artificial division of land into smaller pieces. I, at the same time, raise the point that the results of the agricultural producers' labor have to belong to them completely.

All of us often say that our land is our major national asset, which is true. Introducing private land ownership subject to state regulation to the sphere of agricultural production in an accelerated and, at the same time, well-considered manner is not a way to pilferage then—as certain political forces are trying to prove. On the contrary, however, it really works toward making land our state's national asset. This is the primary move that is personally in the interests of every peasant, and that is a means to resolve Ukraine's problems with food and with the realistic regeneration of the countryside. This is how the president of Ukraine understands this problem, which will determine his actions in practice.

Next, the fifth problem concerns the main provisions of foreign economic policy. Our aim is gradually to establish an open economy and integrate Ukraine in the world economy. How to achieve this is set out in the report in detail. I will only deal with the subject of energy carriers and the payments deficit, which relates to this and is continuously on the increase.

I must state quite responsibly, and would like both the deputies and the public to clearly understand, that we have no capability to resolve this problem on our own. There are two ways out of this situation: either to pay for our debts with our fixed assets and national wealth, or resort to foreign credits. The second path is less destructive in economic terms and does not pose an immediate threat to our economic sovereignty. That is why the president took the initiative in engaging in intensive talks with international financial organizations on these credits being granted accordingly, primarily for the purposes indicated. To date, the only country out of the former USSR republics that has not received any credits for structural transformation is Ukraine. We now hope for a favorable settlement of this issue.

The report on our delegation's participation in the work of an IMF session, debated today at the Supreme Council, gives grounds to believe that most people's deputies appreciate the importance of this problem.

I would like all of us to understand that we have to pay Russia and Turkmenistan over 1 billion dollars for gas alone by the end of this year. You and I have no such money. So you can imagine the consequences of breaking off the process of negotiations with international institutions under today's conditions.

Given this opportunity, I want to tell the Supreme Council this: We are badly in need of forming a stable and favorable legal basis to attract foreign investment and pass a package of the relevant laws as soon as possible. Hopes of foreign investment, however, are thin, given the Ukrainian hard currency capital flight financing other states. Billions of dollars are in the hands of the population, which is much more than the assistance pledged to us. This capital, however, is not benefiting the Ukrainian economy, as neither our businessmen nor our citizens trust our state.

What is needed is a well-considered and balanced policy by both the parliamentary and executive power to resolve this problem. Administrative measures alone, resorted to by the previous leadership, will no longer suffice.

The sixth and most important problem is that of social policy. As the state's president, I must declare with all responsibility before the people that we have no real resources at present to raise our people's living standards. As has already been said, the decline in production is continuing, and the volume of agricultural production has declined sharply. Our treasury is empty, and our state debts are overwhelming. The inflationary pressure threatening a collapse into a new and deeper than ever abyss of hyperinflation is vast. This is not an exaggeration but is what we have today as our sad inheritance.

As the saying goes, I saw what I was getting into. I knew about the existing state of the economy before my election, where I ran with the only intention, in the event of my election as president, of not complaining but working for the benefit of the people.

I would like all in society to have a deep understanding of today's sad realities. The president will do everything in his power to keep Ukraine from famine, provide warmth in every dwelling and preserve peace and political stability. I will not be able, however, to make a drastic change in the living standards today.

In saying this, I mean to be honest and would like people to understand me. At the same time, all measures concerning radical restructuring of the economic system have a common objective: to achieve a resolute improvement of the situation and, on this basis, stop, as soon as possible, the catastrophic decline in people's living standards, prevent mass unemployment and the growing collapse of the social sphere. The Ministry of Economics estimates that, following the steps outlined here, the average employee pay will rise by almost one-third in dollars by the second half of next year. This is only a forecast, and it is up to us to make it come true.

In connection with price deregulation, the president's priority task will be to implement preventive social measures, such as providing individual benefits to the most vulnerable strata of the population. We must cope with the most difficult and painful stage of economic change at any cost. The state will do its best to cushion the inevitable difficulties involved in this process. We have already developed a system of individual cash and other type of benefits according to income levels in different population strata. I must see to it that this system is implemented in a timely and consistent way.

Now, about the new emphasis of social policy. First, the essence of our social policy will amount to creation of necessary conditions for every working person to improve his living standards, first of all by means of individual labour contributions and business activity. We must do all in our power to make it possible for every working person to support their families and make necessary savings. It is necessary to give people an opportunity to earn. To that end, I will propose lifting the existing artificial restrictions on the consumption fund, and pursuing a policy of encouraging, instead of restraining, effective solvent demand. The core decision will concern a stage-by stage implementation of an in-depth reform of the wage system. This reform will aim at a transition from the present model, based on low value of human labour and a high proportion of free social services, to a new one which would envisage high labour value and provision of paid services to upper-income categories of people. The implementation of this reform will make it possible not only to increase the share of salaries in the social income structure and bring their sizes in line with the increased price scale, but also to considerably minimize the pressure of social spending on the state budget. A substantial increase in the value of human labor will bear exclusive significance also from the viewpoint of Ukraine's entry into the world economic area.

Second, most of the attention in protecting the socially vulnerable population will be focussed on the implementation of an in-depth pension reform and provision of a fair system of pension payments based on a person's labor contribution and effective adherence to the individual aid principle. Such aid will be provided on a differentiated basis, in the form of cash and products, as well as necessary medical aid, various communal and domestic services, and financial benefits. The state will introduce a moral and fiscal boost to the creation and expansion of regional social support funds.

An important social policy issue is the use of state property by the population in the form of shareholding, formation of a broad section of working owners and their actual participation in the distribution of profits. The president will initiate legislation to provide reliable protection of shareholders' rights. Proposals will be made to set up a system of state insurance for people's deposit accounts, continuous index-linked adjustment of savings accounts and a stage-by-stage compensation for past losses of savings by converting them into property assets.

The president will constantly seek to promote comprehensive protection of society's intellectual potential, its efficient use and multiplication, and a steady growth of the role and prestige of engineering and technical personnel, managers, scientists and creative intelligentsia. I will take urgent steps to ensure steady funding and state support for the development of environmental protection, education, science, and culture.

They will remain free of charge for most of the population. There at the same time will be incentives for nonstate scientific and educational institutions and insurance medicine to develop and a partnership between the state and private establishments to form in order to resolve many aspects of social policy. Housing policy will be fundamentally reviewed. There will be a transition to comprehensively developing the sale and purchase of housing financed by mortgages, establishing and developing the housing market, and consistently increasing housing construction. The underprivileged strata of the population will retain the right free of charge to to be given housing from the state's stock the volume of which will also increase.

An essential aspect of social policy will be decentralization and denationalization. It is planned that the major part of the volume of social expenditure will to an ever greater degree be borne at local and regional level. Fiscal policy techniques will at the same time provide an incentive for social investment by the non-state sector's enterprises and organizations. It is expected that their proportion in the total composition of social expenditure will continuously grow.

Having opted for the path of radical reforms, the president realizes what the scale of social changes to come is and understands the weight of responsibility to be carried by him. The political will, firmness and selflessness alone, characteristic today of the team of my comrades-in-arms, will not be enough. There will be a need for a powerful managerial, scientific and analytical potential which could promptly assess rapidly changing situations, take adequate decisions and ensure the functioning of all state institutions is highly effective and reliable. A state program of training and retraining management and market economy specialists is being drawn up at the president's initiative. I would like to assure you that we shall spare no money for this purpose and we shall widely use international assistance.

In essence, we have to drastically reorganize the state's political system, stage a revolution in the population's consciousness and start building relations between the state and political parties and public organizations on a fundamentally new basis, rather than just reforming the economy.

What are the specific steps that should be taken to create favourable conditions for the implementation of the new economic policy and avert the collapse of the economy?

First, we have to raise the idea of constructing our own highly effective economy to the level of the supreme national goal; to ensure the unity of actions by the president, Supreme Council and government toward the stabilization and reformation of the economy effectively; and to achieve consolidation for the sake of reforms, with reforms being the main means of survival. This is the basis of this unity and the centre piece of my appeal. I would like to be heard by everybody present in this chamber and I rely on this. Life demands joint action. We have nothing else left today.

Second, there can be no effective economic policy in Ukraine without immediate and in-depth economic reforms. We have every reason to believe that there can be no way out of the crisis without taking economic steps of an emergency nature. The president has so far refrained from putting this question to the Supreme Council thus.

At the same time, I will state frankly that economic stabilization is impossible without a clear division of powers and a strengthened executive branch. The Supreme Council must not perform any functions other than its own. I am referring to attempts by parliamentary commissions and the Supreme Council presidium to deal with specific administrative issues and resolve economic problems all by themselves. The president's new economic policy envisages an extremely large number of new laws and a substantial number of amendments to existing legislation. Alongside the preparation of these draft laws, the president will be issuing necessary decrees, within his vested powers, and I am counting on the Supreme Council's support.

Division of powers between the legislative and the executive branches must also take place in other sectors of state activity, but the president is not planning to appropriate a single function of the legislature. He is only claiming those powers which objectively refer to the executive branch. It is clear that the above issues cannot be completely resolved before a new Ukrainian constitution is adopted. I appreciate the Supreme Council's support for the president's view on approaches to the preparation of a draft constitution and the formation of a constitutional commission. But the process of creating a new fundamental law will take time, while hard work must be done already today, by each in his own sphere. Therefore, the president will initiate a legislative proposal, submitting to Supreme Council of Ukraine in November a draft constitutional law on power which will regulate all the disputed issues of the transitional period. This law will be also designed to resolve in a civilized way incompatible differences between the parliament and the president.

As regards the executive power core, it must penetrate all the structural levels of the state, from the president to the city and the countryside, with clear subordination and accountability from the bottom to the top, giving the superior body the right to dismiss officials at the subordinate body who have failed to cope with the tasks they are charged with or violated the law. This does not deny the people the right to appoint local top executives by means of election. At the same time, we must draw a dividing line between the state and the local budget and decide on the municipal property which will give real substance to the powers of local administrative and self-government bodies. This is not only the president's view, but also that of the Council of Regions which, as you know, unites all chairmen of oblast councils as well as Kiev and Sevastopol city councils of people's deputies and a representative of the Crimean republic's government. The president, together with the Council of Regions has submitted to the Supreme Council amendments to the draft law on local councils of people's deputies which consolidate the abovementioned approaches. I hope that the people's deputies, too, realize the objective need to strengthen executive power and will support our proposals.

Another urgent issue is the development of a fully-fledged judicial system and the earliest possible implementation of a judicial reform. There is no alternative to the fight against the growth of the so-called fifth power. The proposed economic measures will create an opportunity to free a part of the economy from the clutches of shadow dealers. The strengthening of the executive and the judicial branches will enhance the state's ability to compete with the crime world. At the same time, the president will, within his legal powers and rights, aim the efforts of law-enforcement bodies against corruption and economic crimes. The president is counting on the Supreme Council to be more active in creating a legislative framework against organized crime. I particularly hope that it will pass the law on corruption which has been waiting in parliament for a year, and the laws on income declaration, on state control bodies, etc. Meanwhile, the president will use this opportunity to repeat that he will not allow the fight against organized crime to turn into a political campaign, will staunchly guard citizens' rights and freedoms and ensure that the principle of fair punishment is followed.

Economic and spiritual revival is impossible without preserving civil peace in Ukraine. What measures would be appropriate to resolve this problem?

First, the president is proposing that all parties and public movements sign an act of national agreement together with the state, which would envisage that they refrain, for the period of economic stabilization, from organization of mass civil disobedience acts, strikes and any sort of violent actions.

Second, the president will initiate a law on opposition which would make a clear definition of the essence and features of a political opposition, as well as its rights and duties. Having it the way we do means that everybody apart from the president and government is in opposition. But the law on opposition will not only determine who is responsible for what but also minimize problems involved with the transition of power from one political force to another, because it will entitle the opposition to the formation of a shadow cabinet, access to information about government activities, introduction of alternative laws, etc.

Third, all political parties and movements, if they truly care about their people and Ukrainian statehood, must agree to the supremacy of economic necessity over political expediency. That is, they must go beyond the limits of ideological and narrow party interests.

In practice this means the adoption of the following fundamentally important directions of foreign and domestic state policy. The first direction: this is a course toward developing strategic partnership with Russia and CIS countries, but not at the expense of our links and relations with countries of the West.

Whoever might be the president of Ukraine - be he Kuchma, Plyushch or Chornovil, or Levko Lukyanenko, after objectively analyzing the situation, every one of them would sooner or later lead the state along this very course. Only it would be easier for Chornovil or Lukyanenko to do this because they would be less suspected of pro-imperial attitudes. [applause]

The president understands very well that the course toward stepping up economic cooperation with CIS countries will evoke the opposition of certain political forces, especially in cases when the issue arises, it has already arisen, of the coordination of customs, taxation, currency and financial policy.

I do not want anyone to have any illusions about the possibility of the president changing his mind on these issues. This course is of a principled nature. It is connected with demands of Ukraine's economic survival, and I do not see any alternative. A continuation of the previous policy of self-isolation is economic and political suicide. The president will not lead the people along this path. And at the same time the issue of Ukraine's sovereignty and territorial integrity is not even subject to discussion. This is a principled stand too. [applause]

The president will consistently speak in favor of strengthening and developing economic community within the bounds of the CIS, and Ukraine's fully-fledged participation in it. At the same time I will strive for conditions of true equality and mutual benefit to be consolidated within this community. Because all in all it has to be understood that if we do not take part there, these problems will still be resolved, but without us and not to our benefit.

Our efforts will be directed to an equal extent at extending Ukraine's cooperation with Western countries, and its integration in international economic organizations. In conducting foreign economic policy the president will be counting on constructive support from the world community and international organizations, particularly international financial organizations too, such as the [International] Monetary Fund, the World Bank, the European Bank for Reconstruction and Development and others. Developing countries will be an area of special attention in foreign economic activity. In these regions we have realistic possibilities of mastering new markets and extending our export potential. I hope that political parties and public opinion in Ukraine will support this course. Otherwise we do not have a chance of saving the economy, and in the final reckoning of preserving statehood.

At the same time radical left forces should abandon hopes for the restoration of the Soviet Union. If Ukraine is deprived of its statehood, this means civil war. Not a single political aim can justify such sacrifices.

The second aspect relates to the relinquishment of uniform humanitarian policy by the state. Ukraine's regional and ethnic particularities are such that continuing to pursue the course of the previous leadership will actually contribute to increasing tension between the West and the East and between the central authorities and the eastern and southern regions, and fanning separatist sentiments. I above all mean linguistic and educational policies and the development of culture and art.

The president will promote as much as possible the further regeneration of the language and culture of Ukraine and construction of the Ukrainian state's spiritual foundation. This policy will be pursued mainly through material and moral support, a balanced nature and a longer term of the implementation of the legislative acts on this subject that have already been passed, rather than by way of administrative pressure and compulsory measures. The government has been instructed to make ready the relevant state programmes.

Nor is the president going back on his pre-election pledges on humanitarian policy, since he considers them utterly necessary for the preservation of Ukraine's integrity and civil accord. We all have to remember that it was the idea of a pluralist civil society that the majority of the electorate backed at the Ukrainian presidential election. If we really want to be a democratic state, we have neither moral nor legal right to disregard the will of most of our citizens. Otherwise, we shall provoke an internal conflict that will go on destabilizing our state for decades.

The president will in every way encourage the establishment of political pluralism, a multiparty society and the citizens' freedom of conscience and religion. A constant dialogue with the public, the provision of wide-ranging and true glasnost in reality, comprehensive support for the mass media and the democratic press and its influence in practice on the development of social processes in a civilized manner will become the president's everyday concern.

A social partnership is another issue of importance. The president will propose the passage of a special law on social partnership in Ukraine where the main participants in a social partnership, a procedure to harmonize their interests and a mechanism to make and effect decisions are to be clearly defined. Driven by the complexity of the economic situation, both the president and the government will put forward an initiative to sign an agreement with the trade unions declaring a six-month moratorium on industrial action, with a government commission to start consultations with trade unions right after the president announces the main principles of his socio-economic strategy.

The report presented and the president's address outline strategic aspects in socio-economic policy by executive power. On instructions from the president, the government will prepare concrete steps to carry it into effect.

I hope that the people's deputies will back the president's new economic and political strategy and add their proposals to it, which will be taken into account in the work on the said steps.

Respected people's deputies: The state is on the threshold of serious trials. Its future, the life and well-being of our compatriots, and civil accord and peace in Ukraine today and tomorrow to a considerable degree depend on us, on our statesmen's wisdom, competence, ability to rise above our personal and corporate interests, and courage to take decisions which may today not earn us glory and ovation and cause criticism and reproach but are the only right way in this situation and will be some of the first steps along a thorny path towards overcoming the crisis, saving our children and grandchildren from the humiliation of life in poverty in a Ukraine devoid of any historical perspective.

May it be honor, firmness and the need for concrete deeds for the benefit of the people and joint action, rather than loud words and a quest for personal comfort, that unite us. If we are together, the Ukrainian people will win a victory.

Supreme Council Discusses Socioeconomic Situation

LD1110124794 Moscow ITAR-TASS in English 1048 GMT 11 Oct 94

[By ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[FBIS Transcribed Text] Kiev October 11 TASS—Objective analysis of Ukraine's socio-economic situation and the need for cardinally new social policies and economic reform are major subjects of the report of President Leonid Kuchma to be presented to the parliamentary session which opened today in Kiev. Abstracts of the report have been circulated among parliamentarians before the start of the session.

The report says major challengers [as received] are to generate a strategy and a general logic of further economic reform in Ukraine and to develop an economic ideology which should be followed by all constituents of the executive.

The address carries the president's electoral slates [as received] which had won approval of most voters.

Kuchma had told a previous session that leading Ukraine's economists and chiefs of ministries and departments contributed to the report preparation, and advice from the International Monetary Fund, World Bank and foreign experts was used in it.

The agenda of the October 11-14 parliamentary session also includes improvement of the banking system and privatisation mechanisms, and social security of the population.

Expected activities of parliamentarians are the setting up of commissions for drafting the Ukrainian Constitution, the formation of a national television and radio committee and the reviewing of the progress of a bill on the Cabinet of Ministers.

Parliament Asked To Back Lawsuit Against Official

AU1110155294 Kiev HOLOS UKRAYINY in Ukrainian 7 Oct 94 p 2

[Anatoliy Ben report: "Procurator General Makes a Request and the Parliamentary Commission Supports It"]

[FBIS Translated Text] The Supreme Council Standing Commission for Issues of Combating Organized Crime and Corruption considered the request by Ukraine's Procurator General on sanctioning criminal proceedings against Ukraine's people's deputy Yukhym Zvyahilskyy. The Procurator General's Office sees in the actions of the former acting prime minister indications of such crimes as misappropriation of state property in particularly large amounts, abuse of official position, and ultra vires acts, something which, in accordance with the current legislation, is punishable by considerable terms of imprisonment.

Some of these actions by the former acting prime minister were recently discussed in an interview for our newspaper by commission chairman Hryhoriy Omelchenko.

Having familiarized itself with the Procurator General's arguments, the commission unanimously voted in favor of recommending the Supreme Council to sanction criminal proceedings against people's deputy Yu. Zvyahilskyy.

Consequently, it is now up to the Supreme Council to decide.

Incidentally, Yukhym Leonidovych himself recently went on leave.

Audit Commission Chairman on Privatization

WS1110131594 Kiev HOLOS UKRAYINY in Ukrainian 30 Sep 94 p 2

[Speech at the session of the Ukrainian Supreme Council by Serhiy Drakomaretsky, chairman of the Ukrainian Supreme Council Audit Commission for Privatization; date not given: "A Well-Weighed and Mindful State Approach Is Necessary"]

[FBIS Translated Text] None of the decisions of the first session of our Supreme Council have been so often and emotionally discussed by our press.

The subject has reached the point where we even blame the Supreme Council for the halting of reforms.

"Roundtable" talks are being held, articles are being written, however, people forget for one reason or another that privatization accounts for only one of the four issues of the denationalization program; besides, denationalization does not refer to the entire sector of economic reforms that are being implemented in Ukraine.

Therefore I would like to begin my report on such a vital subject as the Supreme Council decree, issued on 29 July 1994, regarding the accomplishment of privatization with dry and precise figures.

Two months have passed since the Audit Commission for Privatization was established. We have received 188 reports, including 67 complaints from enterprises and individuals, and 46 proposals to upgrade the legislation. We have discussed the majority of them and have provided 102 replies—65 out of them explained the acting legislation, 11 were addressed to the General Prosecutor's Office, and 17—to the State Property Fund and its regional offices.

To my surprise, I—as the Audit Commission chairman—was not discouraged but, on the contrary, I was even delighted by such an intensive stream of complaints and proposals regarding the improvement of the acting legislation because if we had not adopted the aforementioned decree, the stream of complaints would have been several times greater.

Robbery and squandering of the national wealth does not refer to cases when individual robbers pick the lock and break into our houses. This process reflects the systematic and sometimes even astute violation of the acting legislation, as well as its inadequacy, and the open violation of Ukrainian laws by state bodies and officials.

The General Prosecutor Office of Ukraine alone has studied some 400 complaints, has issued over 190 regulations and some 200 protests regarding illegal privatization of state and municipal property.

Ukrainian courts [as published] and the General Prosecutor Office have brought in actions worth some 72 billion karbovanetses [K].

In addition, Ukrainian courts have heard hundreds of cases.

What are the typical violations of the acting legislation?
1. The term for hearing a case is prolonged.
2. Payments are not being made on time.
3. The value of sites is deliberately decreased due to the failure to conduct indexation of capital stock and to the unfounded writing off the property of enterprises subject to privatization.
4. A free choice of the means of privatization.
5. A refusal to recognize vouchers as a means to pay for the privatized property.

Failure to keep in line with the program for and rules of privatization leads to the most tangible financial damage to the state. The following case can be regarded as a mockery of both the state and the Supreme Council.

When we checked the correctness of the privatization of the state enterprise "Perlina" in Kiev, we learned that the joint stock company "Perlina" had bought the property of this enterprise, along with the property of the "Ukrayina" bank repository and the state treasury "Ukrayina." This was done when the Cabinet of Ministers' Resolution No. 598—predicting the indexation of the initial value of fixed capital as of 1 August 1993—was in force.

The State Property Fund has drawn up a contract of sale without taking into account the indexation of and the corresponding increase in the value of this enterprise. In addition, the fund has registered fake inventory and evaluation acts for "Perlina" property. Capital investments of the National Bank of Ukraine to conduct capital repair worth some K3.7 billion have not been taken into account as well. If we consider the zone depreciation coefficient [zonalnyy koefitsient], the total depreciation of the "Perlina" property will be worth some K21 billion.

In addition, the state suffers enormous financial losses due to delays of payments for privatized sites. For example, the "Bila Akaciya" enterprise was privatized in Odessa in August 1993. Not to mention the fact that this enterprise was bought by a company, registered only some days before the auction was held, "Bila Akaciya" has been sold for K15 billion. The city, however, has received only half of this sum due to delays in payments. The state suffers similar losses when the bodies conducting privatization do not transfer the received money to local budgets, hence, the implementation of social programs is halted. Officials often use this money to conduct election campaigns, or to satisfy their personal needs, or to issue interest-free credits to private companies, as it was done in Odessa.

These improper actions could have been avoided if the State Property Fund and the Cabinet of Ministers had drawn up a model contract for the sale of sites subject to privatization including a system of procedures to control this process and sanctions against businesses or organizations if they fail to observe the conditions of a contract.

Such cases, however, do not reflect all the state's losses prompted by illegal privatization. Violations of the law in the process of privatization lead not only to direct financial losses but to profound social consequences as well. For example, the priority right of a working collective to organize an association of purchasers uniting more than 50 percent of the working collective, or to choose the means to conduct privatization is very often violated in the process of small privatization.

Such cases, however, do not reflect all the state losses prompted by illegal privatization. Violations of law in the process of privatization lead not only to direct financial losses but to profound social consequences as well. For example, the priority right of a working collective to organize an association of purchasers uniting more than 50 percent of the working collective, or to choose the means to conduct privatization is very often violated in the process of small privatization.

The sites undergoing small privatization are often sold illegally through auctions against the will of working collectives. To overcome this negative practice, our commission has corrected the system for the implementation of Clause 2 and Clause 8 of the Ukrainian Law "On Privatization of Property of State Enterprises"—regarding small privatization—issued on 22 February 1994. We have reported about this to the oblast councils, the Independent Trade Union Federation, and other bodies. Therefore, we consider that the clause of the resolution—foreseeing the establishment of audit commissions for privatization with councils at all levels—is entirely founded. Similar negative tendencies can be seen in the process of large-scale privatization as well. We can observe the illegal concentration of property in the hands of a small group of individuals generally representing the leadership of working collectives. I do not imply the concentration of capital that is a natural process of capitalism, but I refer to the squandering of national wealth.

I can provide you with several examples. As a rule, such cases occur at enterprises that are transformed into joint stock companies of a closed type, the leaders of which establish such working conditions that force stock holders to leave work and sell their stock.

The next example of "grabatization" resulting in the violation of legislation is leasing—with the right to purchase the leased property—by a small part of a working collective.

The privatization of "Smilprombud," a construction and installation administration in the Cherkassy Oblast, is a typical and striking example of this case. When members of the working collective returned to work after compulsory leave, they learned that only 142 individuals—out of more than a 400-strong collective—became owners. When they protested against this, their manager said: "You wanted capitalism, so you got it. I am the owner and you are my subordinates."

Some 400 individuals are leasing the shoe factory in Kakhovsk, while only 102 became members of a newly established association of purchasers.

We are especially anxious about the negative privatization of research institutes and capital projects organizations. Observing the privatization of "Proektlisbudkonstruktsiya" in Donetsk, "Proektbudkompleks" in Dnepropetrovsk," and "Proektbudkompleks" in Kharkov we can see how they are ruined. Therefore, we should draw up a system of privatization of research institutions and capital projects organizations, including scientific and production organizations that will prevent the collapse of the entire system of research, and scientific and production associations.

Profound supplements pertaining to small privatization should be introduced to our legislation. These supplements should be as follows:

1. It is necessary to clearly define the procedure for specifying the type of privatization proceeding from the priority rights of a working collective.

2. It is necessary to specify the control mechanism over the privatization process, and to study how privatization affects the operation of a site subject to privatization, effective the day the decision—regarding privatization of the site and type of privatization—is adopted.

3. It is necessary to adopt laws foreseeing the employment of workers of enterprises which are subject to a specific privatization.

Dear friends, our privatization has all kinds of negative aspects. Therefore, I would like to show that laws are not only violated but openly neglected. I refer to Clause 8 of the "Law on Privatization of Property of State Enterprises" that foresees the establishment of an association of purchasers based on both production and territorial principles. Our bodies do not register such associations, not to mention their participation in privatization. At the same time, the establishment of such associations could attract vouchers of the non-production sector workers, pensioners, servicemen, and agricultural workers to the privatization of industrial sites. Special attention should be drawn to the privatization of unfinished construction projects. There are over 50,000 such sites in Ukraine and, to my great surprise, their number is constantly increasing because even in this critical situation we are continuing to bury tens of billions of karbovanetses. This persistence could be efficient elsewhere.

It is necessary that the State Property Fund and the Cabinet of Ministers draft an efficient mechanism for attracting non-state funds to complete these unfinished construction projects. Completed construction sites could provide jobs, and promote the profound reconstruction of our industry tomorrow. I would like to emphasize that edicts by former Ukrainian President L. Kravchuk play an especially destructive role in privatization. So, it seems to me that there is no legislation pertaining to privatization on the territory of Ukraine. For example, the presidential edict on holding companies—issued on 11 May 1994—which are established in the process of corporatization and privatization, includes legal norms which come into conflict with Clause 20.7 of the Law "On Large-Scale Privatization," with the Cabinet of Ministers' Resolution No. 8392 "On Management of State Property" issued on 31 December 1992, and with Paragraph 1.2.5 [as published] of the Cabinet of Ministers' Resolution No. 24-992 "On Regulation of Activity of Businesses Established With Participation of State Enterprises" issued on 31 December 1992.

The presidential edict on investment funds and companies—issued on 19 February 1994—violates the "Law on Securities" which says that Ukrainian residents can exchange their vouchers for securities which accord them the right to part of the property of privatized enterprises, while the presidential edict allows the exchange of vouchers for investment certificates of the investment companies which are not backed by any property at all.

The aforementioned facts show that we should ask the Ukrainian president to bring presidential edicts in conformity with Ukrainian legislation, and to adopt a decree to implement Clause 70 of the Ukrainian Constitution which shows the supremacy of the law over other normative acts, including the edicts issued by the Ukrainian president.

There is one more inconsistency in our normative acts. This disparity affects the interests of some one quarter of the 8,000 large enterprises in Ukraine. I am referring to leased enterprises, the interests of which are directly affected by Paragraph 4 of our resolution issued on 29 July. According to it, lessees pay both taxes and rent. The law foresees that the rent is calculated as part of the enterprises' estimated profit. At the same time, the Cabinet of Ministers Resolution—issued on 12 November 1993—sets the rent on the basis of the value of the leased property, that, undoubtedly, comes into conflict with the laws and leads to legal nihilism.

As for the list of enterprises that are not subject to privatization, we must introduce paragraphs citing health care institutions in the State Privatization Program for 1994, though it was only approved but not adopted by the previous Supreme Council. This is a very important issue, otherwise, we could lose this sector.

Summarizing my thoughts, I can conclude that the adoption of the 29 July resolution on the accomplishment of privatization—primarily, of all clauses of the "Law on Privatization of Property of State Enterprises"—was founded.

Our multifarious but socially active society will benefit from privatization if we have a law ruling out squandering and chaos. We need a weighed and wise state approach. You know the saying haste makes waste. I assume that if we continue to conduct privatization with such haste as we have done thus far, our countrymen will not laugh at us but sharply despise and criticize us.

Industrialist Leader Views Economic Reform

WS1210100094 Kiev UKRAYINA MOLODA in Ukrainian 4 Oct 94 p 4

[Interview with Vasyl Yevtukhov, chairman of the Ukrainian Union of Industrialists and Entrepreneurs, by Larysa Ostrolutska; place and date not given: "The USPP Certainly Sees Itself as a Pillar to the President"]

[FBIS Translated Text] **Vasyl Yevtukhov, a foster-child of the mining-metallurgical Kryvbas and an experienced administrator, occupied the office of deputy prime minister in the Kuchma and Zvyahilskyy governments. In the latter's government, he earned the reputation of a quarrelsome man, primarily because he advocated the interests of producers and even sent a letter, along with then Deputy Prime Minister Valeriy Shmarov, to Mr. Yukhym Zvyahilskyy, in which he attempted to convince him that Ukraine had chosen the wrong path (UKRAYINA MOLODA reported on this on 29 April).**

In December 1993, Vasyl Yevtukhov handed over to Leonid Kuchma, ex-prime minister at that time, his presidency in the Ukrainian Union of Industrialists and Entrepreneurs [USPP]. Seven months later, the USPP elevated its leader to the office of Ukrainian president, and Yevtukhov was again elected as USPP president.

[Ostrolutska] Vasyl Ivanovych, as far as I understand, the political role of USPP did not end with the election of the Ukrainian president. Obviously, having delegated Leonid Kuchma to this high office, the union sees itself as a pillar to the new Ukrainian president. On the other hand, however, you are interested in implementing ideas which were elaborated by the union and proposed to the

Kravchuk-Zvyahilskyy government. In this regard, how do you assess the first steps taken by the president and his administration?

[Yevtukhov] I would like to say a few words about our relations and cooperation with Leonid Danylovych Kuchma. I have always been impressed by the fact that he always allows for a certain freedom to act and independence in decisionmaking. Although there have been a few moments when people were trying to drive a wedge between us, I would like to emphasize that he belongs to a category of people who directly and openly voice their doubts or grievances, and as a result everything returns to its place.

At the same time, he is quite flexible regarding strategic issues, and it is hard to understand the final goal of his intentions from his first steps.

Of course, the USPP sees itself as a pillar to the new president, who considers the economy his primary policy, and whose economic program was drafted—to a considerable degree—within the USPP structure. In this area, however, we would like to establish a close union with other branches of power, as well as other business and industrial organizations, almost a dozen of which are currently operating in Ukraine—business assemblies, independent and private entrepreneurs, or reform centers... Although each of us can do something alone, our forces will be much more formidable if we at least coordinate our actions. For instance, the state is not able to finance trade missions abroad. What if we unite our efforts? Such models exist all over the world... I am convinced that we should all abandon mutual accusations and work for Ukraine and its people.

We are currently trying to establish an information system for protecting business, which would be useful for everyone who has embarked on this path. Our business neophytes often become entrapped—they sign agreements with firms who have one dollar in their statute funds. We then scream: They are robbing and taking everything away from Ukraine.

[Ostrolutska] The first economic edicts issued by the president related to the very points which had been included in USPP proposals submitted to the Kravchuk-Zvyahilskyy government, which were practically ignored by them. These proposals have currently acquired the form of presidential edicts, however, due to a policy of compromises, in a limited or altered version. The same fate is apparently awaiting other economic steps taken by the president. Perhaps they will be less harsh. What do you think; is such a pace quick enough for our economic reforms; does it make sense to proceed in a more decisive manner?

[Yevtukhov] This is a very difficult and universal question. When the USPP formulated its proposals, I personally advocated them in the government, and it is no secret that because of this I had working disagreements with Zvyahilskyy. This was, however, in the past. The cardinal mistake of the former government lay in the fact that it replaced the formally regulated hard currency exchange rate with the fixed one—12,600 karbovantsi per $1 in the first place, and later even more. In a transitional period, the exchange rate must be regulated; we are not discovering America. However, it must be regulated in such a way so that it gradually approaches the market rate and does not stimulate shadowy business or choke domestic exports. If the former government had listened to the USPP proposals, the president and prime minister would not have a headache now. It is hard to now restore what was once lost. If we continue the old policy, we will choke our exports. Because of this, we now have a budget deficit and problems with the balance of payments. If we rush to introduce one exchange rate, prices will jump, and this will prompt changes in wages, inflation, and social problems. It is very hard for the current government to resolve this issue, since we have lost the most important thing—time. Nevertheless, it must be resolved and we must head toward one exchange rate of the karbovanets against the dollar.

Yes, we once refused to grant credits and did not replenish money in circulation, and as a result inflation decreased. However, we should not have maintained 4- or 5-percent inflation at any price. Even if there had been 10-percent inflation (instead of several-hundred percent, as in the past), a sort of stabilization strategy should have loomed through the government actions. Everyone should understand that it is better to win less today and have an opportunity to win more tomorrow. The president and government are unable to overcome the gap which occurred because of that. Rushing in this area is dangerous, in terms of a possible price explosion. At the same time, I support the strict credit policy conducted by the National Bank, even though I believe that it will not be efficient enough until we introduce the procedure of cleaning [sanatsiya] enterprises and other microeconomic mechanisms. Until there is order in the banking system, the government must define on what grounds we will base our actions and whom we should support. Moreover, my viewpoint (I hope the president and prime minister share it) is that we must abandon priorities in industries. As you recall, even the Supreme Council would once approve priorities (and money) for the electronics industry, the power industry, or the agricultural sector... Then, other industries would feel indignant: Are we less important than they? Have you taken into account the education sector? Have you taken care of the disabled? Do you treat culture like a stepdaughter? We have no stepdaughters; we took into account everyone, but this did not give us more money. We must foster those whom we need to help us make money quicker, and if we earn enough money, we will be able to distribute those funds among everybody.

For instance, there are the metallurgical and machine-building industries. The metallurgical industry can earn hard currency quicker. We should understand, however, that if we continue to live this way, Ukraine will become a raw-material supplier to rich countries in five or 10 years. Thus, while earning money today, we should not forget about tomorrow and invest in the machine-building industry or science. However, we should do this within the limits of what we are currently earing, and fight for new markets.

Let us look at the agricultural sector, the priority of which has been emphasized for several years. East Europe—Hungary, Bulgaria, or Poland—is now afraid that it will finally occur to Ukraine that its products can fill European markets and force these countries out of them, thanks to our lower costs, cheap labor, good soil, favorable climate, and hard-working people. We, however, did not start with this direction: We were tossing money through commercial banks, instead of allotting money to a specific farm for a specific program. We did not take care of our markets either.

[Ostrolutska] If there are priorities, one must win and another one must lose. Cleaning of companies is even worse. It means bankruptcies and thousands of unemployed people. It is quite strange that these future realities are normally taken by your "red directorate"—I am not adding any ideological hue to this issue; people often use such terms to describe parts of the USPP which lead state-run enterprises.

[Yevtukhov] First, cleaning of companies does not always lead to bankruptcy. This is selective assistance to companies.

Second, as everybody knows, the union comprises both state entrepreneurs and private businessmen. Believe me, I have personally sensed an evolution in the consciousness of the former. Moreover, I once said at one of our congresses: Directors happen to be red or blue, and they may even turn green at difficult times; but the Ukrainian economy and the majority of its welfare sector survive thanks to these directors. They give private business an opportunity to develop itself. If directors suddenly were to lose control over the situation, small business would not assume that control. A state-run company director is currently acting as a private businessman—he also has to live by his wits and make ends meet. The only difference is perhaps that one businessmen steals from the state and another does not, but this is another aspect—a legal one. In other words, a form of ownership does not determine economic conditions. Additionally, there are both the ownership of means of production and ownership of the fruits of labor. A worker does not care who hires him, the state or a private businessman. He wants only to be paid a fair wage for his work.

One must also clearly understand that private business will never invest in strategic research and programs. It will not gain anything from this. This is an issue of state security and fundamental science, and the state should define what it should finance, and to what extent.

At the same time, the state will not be able to react to market changes as quickly as the private sector. Let private business deal with this, primarily those who deal with people's needs such as consumer goods or services.

[Ostrolutska] In terms of strategic interests, what fate is awaiting the defense industry?

[Yevtukhov] I have been, and I am still advocating the idea that we must trade arms. Weapons are traded all over the world, and nobody makes a tragedy of this. We have been fooled and forced out of markets, which we once shared with Russia. We have zealously done everything we were asked to do. We must listen to T.H. Shevchenko [famous 19th century poet], who said that we should learn from foreigners, but we must not neglect experience.

The defense industry has great scientific potential, and even though we have already depleted it, we must preserve what still remains. We are not rescuing the defense industry, but the interests and the intellect of our nation. We must, however, reduce the importance of arms production to relieve the budget, as well as to ease military tensions around the world.

What are we currently exporting from Ukraine? We are only exporting dusty, stinking, or gaseous products such as coal, iron, oil, or chemical products. Nobody wants to buy our tractors, airplanes, or computers. Everybody wants raw materials. If we do not care about sales of technological products, we will remain a raw-material supplier. If we are currently unable to "push" the conversion or develop science-intensive and competitive products for other purposes, we must enter foreign markets and sell what we are currently producing, namely weapons.

We are making the best missile guidance systems in the world and a number of other products. Why can't we trade them?

[Ostrolutska] Can we really trade them?

[Yevtukhov] Yes, we can, though within the limits of international norms and requirements. In general, we have touched upon a very sensitive issue. Unfortunately, we established a committee for control over arms sales as late as 1993. Before that, there had been—excuse my word choice—bedlam. Everybody sold what they wanted. Weapons require state control. Even a private firm can trade them, though within the limits of state control. When we finally established such control, we were able to join the Coordinating Committee for Multilateral Export Controls and other international organizations, and the world recognized us. However, this happened too late.

[Ostrolutska] It happened too late because we were idealists: We kept saying that we did not need weapons and that we would close nuclear power stations.

[Yevtukhov] This is true; we must be matter-of-fact people, and we cannot kill the goose that lays the golden eggs...

[Ostrolutska] I cannot avoid the following question. The USPP is being accused of turning its face toward the East, to Moscow. Apparently, you are ready to sell your own mother to be with your elder brother...

[Yevtukhov] I am against any political dependence. Regarding our brothers, I am supporting the twin brothers, who, by the way, were born by one mother—the Kiev Rus. There are objective realities which cannot be neglected. Some 70 percent of our market was located in the East. There are two options—either to preserve a market or lose it and look for another one somewhere else. We have lost this market to a considerable degree. Have we compensated for it? No. Products that nobody wants are now stockpiled in our companies' storehouses.

Moreover, when the engine shop burned at the KamAZ plant, Kharkov's "Sickle and Hammer" plant offered and tested its diesel engines in their trucks. The Russians, however, rejected our engines for some reason. Perhaps because we were so eager to enter Western markets, where nobody needs us, and we lost our Eastern ones.

I am aiming at a strictly economic question. The main thing is markets; the most important thing in the world now is not to produce but to sell. If I sell something, I pay taxes and invest money in production and a welfare policy. If I do not sell, there is nothing.

[Ostrolutska] I would like to learn what is you opinion about the issue of repaying debts to Russia in the form of shares, Ukraine's property...

[Yevtukhov] It is not yet clear who has debts and who owes whom. I believe that the issue of debts is of a strictly theoretic nature. For example, the USSR's trade missions were only handed over to Russia. Russia can "veto" our contracts with Turkmenistan and Kazakhstan through its transit policy. Ukraine has meager supplies of oil and gas. However, where were oil and gas first extracted in the Soviet Union? In Dolyna and Shebelynka. They pumped it out and moved away. Ukraine's nonferrous metallurgy industry has been exhausted, because the Kostomukshskiy, Starooskolskiy, and other combines were built at the expense of its amortization funds. So who owes whom?

I am against "digging everything out" in our relations so deeply. We must restore normal parity to our relations with Russia. There have been many faults on our part, and no less on theirs. We must now reach an understanding. Regarding the issue of debts, however, I would be more cautious. There are both theory and practice. For gas and oil we must pay now!

[Ostrolutska] Vasyl Ivanovych, you had great experience working in ruling structures. How would you describe your work there, particularly, in the former government?

[Yevtukhov] It was hard... I have already said that I had disagreements with Yu.L. Zvyahilskyy with regard to currency regulation. I do not want now to blame Zvyahilskyy; not everything what he did was wrong. He also took correct steps. A state, however, is not a mine or factory, and not even an oblast—one cannot do everything himself. It requires a great knowledge of management to lead a state. Our situation with regard to management is very difficult at all levels. Let us look at the Cabinet of Ministers, the majority of which has become accustomed to work in the following way: One is entrusted with a task, passes it to another level of authority, and imposes control. However, one must analyze the situation and learn about the current reaction in the regions, meaning to draft a mechanism for performing this task. Although there are many suitable people, there are few of them in the Cabinet of Ministers. Even Kuchma once told me: "You always talk about your mechanism." I really believe, however, that a mechanism for implementing an administrative decision is the primary thing, since without it all brilliant estimates remain theory. We now have quite normal relations with the current prime minister. I understand that it is now hard for him. I think that he has somewhat overestimated Ukraine's situation, and there is no reliable information basis, according to which one could make correct administrative decisions. There is no efficient mechanism for executing decisions. It is hard to assess who in the regions is overcoming difficulties and working efficiently, and who is hiding behind these difficulties and blaming everything on the government, president, and Supreme Council, but not himself! A system of power is currently developing, and it is nice that the branches of power are able to reach an understanding. This is the primary thing. Without strong authority, executive discipline, and a mechanism for executing decisions, any program for a way out of the crisis will not work, not matter how many of them are drafted.

[Ostrolutska] Is the USPP gradually becoming a test ground and think tank for this mechanism?

[Yevtukhov] To a certain degree, it is. At a recent session of our presidium, we discussed changes in our taxation policy. We adopted many of them, and many of them we rejected. Although we examined the entire program, we did not come to a conclusion whether to propose it or search for compromises. A similar situation is in all areas. Directors from Kiev, for example, have analyzed in detail all economic laws and come forward with their own proposals.

I, as well as my colleagues, would like our union to become a strong trustworthy organization,but not meant to perform specific political tasks, even though politics and economy are tightly connected one with another, but to help Ukraine in primary directions of its development. We have wise and experienced people. We must only put them to work and create appropriate working conditions. Our future is in our hands.

Chernobyl Chief Adviser Urges Plant Shutdown

WS0710121594 Kiev VECHIRNIY KYYIV in Ukrainian 30 Sep 94 pp 12, 13

[Interview with Volodymyr Usatenko, chief consultant of the Supreme Council Commission for Chernobyl Catastrophe Issues, by Valentyn Smaha; place and date not given: "A Prelude to Nuclear Winter"]

[FBIS Translated Text] [Smaha] Energy is believed to be the end product of nuclear power engineering. I believe, however, that death is the end product. Nature is unable to unearth, upgrade, and ship radioactive materials, place them in nuclear reactors, and then bury radioactive waste which is capable of annihilating all living things on Earth. This can only be done by man. Even if there are no accidents, the waste remains on earth. Sooner or later, so much waste will accumulate that life will be impossible. Am I right?

[Usatenko] Generally speaking, yes. Being a specialist, however, I am concerned with practical, rather than theoretical issues. You say radioactive waste. However, this is not what remains after spent radioactive fuel is removed from a reactor. I want to remind you that heat-emitting elements are components of nuclear reactors. In simplified language, a heat-emitting element can be described as a huge "pencil" with a graphite core, placed in a zirconium shell. Plutonium "pills" are fixed to this "pencil." After reacting, a heat-emitting element remains highly radioactive. It is then placed in a special reservoir called "active nuclear fuel storage basin," where it is constantly cooled with water to avoid extremely dangerous overheating.

Let us now calculate. The processing of 1 kg of spent fuel costs $1,000. Ukraine's nuclear power plants produce about 200 tons of this fuel annually. Thus, to simply process spent fuel into nuclear waste (which, in its turn, has to be processed and buried somewhere) the state has to allocate $200 million a year. From where can we get this money? Nobody wants to even think about this problem. Meanwhile, time is pressing. The capacity of storage basins is not unlimited. The operating life of zirconium shells of the heat-emitting elements is only 30 years. Spent nuclear fuel, however, remains hazardous somewhat longer —for 24,500 years! Because there is no place to store spent nuclear fuel, the management of the Zaporizhzhya nuclear power plant has proclaimed that only two power units will be in operation in the winter. As far as I know, spent fuel from the Chernobyl power plant has not been shipped anywhere. How can nuclear power engineering be developed if these problems remain unresolved?

[Smaha] Why is it being developed then? VICHIRNIY KYYIV commented on the government's resolution on the development of nuclear power engineering in Ukraine in an article entitled "Death Industry's Revenge." Indeed, nuclear power producers took advantage of last winter's dramatic situation and, in one fell swoop, won back everything that society had accomplished over decades. The resolution cites specific dates for putting into operation new nuclear power units, envisions restoration of other, equally senseless projects, for instance the building of the Kaniv hydro- accumulating station. While reading that document, I realized that the only thing it lacked was a reference to "historic decisions of a Communist Party congress"—it reeked of the old spirit of conquering nature. While all other countries are curbing nuclear power engineering and, according to recent reports, the United States has built a reactor for cold (non-radioactive) nuclear synthesis, the Ukrainian Government is passing suicidal decrees. How can you explain that?

[Usatenko] The point is that we still have a socialist government comprising the heads of monopolistic departments and bureaucrats who are unaccountable to anyone and manage state property on behalf of the people. The legislative branch is still Soviet, represented by nonprofessional politicians concerned solely with their personal or parochial interests. State Atomic Committee Chairman Mykhaylo Umanets and Viktor Baryakhtar, National Academy of Sciences vice president, acting as a team, have, figuratively speaking, formed such a critical nuclear mass, which can ram the doors of all high offices. They are exploiting deceptive nuclear myths and, in the eyes of our incompetent high-level officials (and of most people), they look almost like state's saviors from a power crisis in general, and from winter colds in particular.

Nobody has asked this question: How is it that the saviors received everything they asked for, but the situation in power engineering, according to the most humble forecasts, will be twice as bad this winter as it was last year? Perhaps the nuclear departments have erroneous ideas as to how to save us? They are now lobbying the new "original" idea—developing a closed nuclear cycle in Ukraine within the next five years, to render our nuclear power engineering independent. This endeavor is going to cost at least $200 billion. Even if there are lunatics in this world ready to invest such astronomic sums in Ukraine's dying economy, nothing can be accomplished within five years, for these plans do not envision the development of entire cycles. According to my cautious calculations, Ukraine will be able to develop a closed nuclear cycle—from excavating nuclear fuel to burying waste—in no less than 20 years. Incidentally, fighting to achieve this doubtful goal, we will definitely destroy our environment and economy. I believe that the authors of these irresponsible projects are also aware of that, but do not worry.

[Smaha] We have lived through the most dramatic nuclear disaster in the world, but have not learned anything.

[Usatenko] Why do you say "lived through?" The Chernobyl accident will end only when the fallout is evenly distributed all across the planet. Right now, the catastrophe is continuing. Migration of radionuclides is among its direct consequences. In 1994, we discovered americium. Incidentally, its quantity casts doubt on the official data on the scale of the accident. There can be two explanations—either the data were intentionally downgraded or we made a mistake when calculating the volume of the fallout. In any case, there are no planned activities to eliminate the consequences of the accident. Meanwhile we, not having reliable basic data, have created the Ministry for Chernobyl Issues, have been moving people, and conducting scientific research in the zone. Can these things be done gropingly, with closed eyes?

[Smaha] Of course not. There is a tempest of scientific discussion on Chernobyl. Scientist Viktor Sedletskyy, in particular, once wrote in VECHIRNIYY KYYIV that the Chernobyl-2 and Lubych power plants were designed as a single complex, aimed at conducting psychophysical warfare. What do you think about this?

[Usatenko] Nothing. How can we discuss anything without specific data? However, when I lived in Kharkov, I met a general who had been commander of the "Chernobyl-2" facility. He served in antiaircraft units. I have no reason to doubt his words. He claimed that an early-warning radar station was located in Chernobyl and was then transferred to civilians in full order. I have seen an inventory of everything, including soldiers' boots and spoons. If we compare it with the inventory of the same facility compiled in the fall of 1993, it becomes clear that the station has been looted. Some 5.8 kg of gold, platinum, and other precious metals were in the station's two computers. Perhaps, while searching for gold, looters stripped 1,100 boxes of unique equipment. It has turned out that some commercial structures used to operate at "Chernobyl-2." To conceal their thievery, attempts are now being made to transfer this facility under the jurisdiction of the "Shelter" scientific- technological center. What Viktor Sedletskyy claims sounds quite fantastic. However, what is going on at "Chernobyl-2" is undoubtedly a crime. Who will be held responsible?

[Smaha] Time will tell. I would like to hear your opinion about another VECHIRNIY KYYIV article, the one by physicist Oleksandr Kovalevskyy. He claims that the accumulation of critical mass in the residual fuel of Chernobyl's fourth unit is continuing, and that it will soon explode. He even cites the exact date of the explosion, which will put an end to human civilization. Do you believe that?

[Usatenko] I only believe in things I know. As for Kovalevskyy's claims, I can only say that his theory should be researched and assessed by responsible and qualified experts. It is extremely dangerous to simply disregard such things. A lot of things are going on in Chernobyl that are beyond rational explanation from the perspective of contemporary science. Take for instance the well-known phenomenon called St. Elmo's fire, observed on the eve of volcano eruptions and earthquakes. There is a large group of scientists who claim that the shining over the unit during the accident resembled St. Elmo's fires. Does this mean that we were dealing with some unknown state of matter?

There is certain "black magic" in all the fires at the Chernobyl power plant (there were more than 30 of them between 1986 and 1991). During the fire of 1991, "flying saucers" were allegedly observed over the station. Frankly speaking, I do not believe in all that gibberish. I think that the most shocking facts are cited in the government commission's communique regarding the cause of the 1991 fire: "The fire was caused by an inadequate assessment of the situation by the station's staff." That happened just five years after the 1986 accident! In 1993, another fire broke out, which almost put the world on the verge of a new catastrophe. The causes behind this fire are equally strange—a relay switch and power cable spontaneously caught fire. Regulations at any station, not only a nuclear one, envision regular inspection of cables. It is hard to believe that the station's staff did not do that. This has a flavor of mysticism.

[Smaha] However, the career of former Chernobyl plant manager Umanets is quite realistic. He came to Chernobyl after a similar accident of an RBMK reactor at the Leningrad nuclear power plant. Since then, after every emergency situation in Chernobyl, Umanets has received regular promotions. Malicious people say that if this regularity is preserved, after the next three fires at the power plant, Umanets may become president of Ukraine.

[Usatenko] This is undoubtedly a joke, and a peevish one at that. It is clear that nobody wants emergency situations at nuclear power plants. However, how can these be prevented, given the fact that for managers of the nuclear department, safety remains a secondary issue. They are preoccupied with one thing—how to keep the atomic fire burning permanently. They regard the "Shelter" facility as a trough from which they can feed for years and years.

[Smaha] "Trough" is a good word. The press has carried reports to the effect that the management of the "Prypyat" scientific-production amalgamation has bought gasoline from commercial companies run by their relatives, and tried to sell graphite rods abroad shipped for use at the fifth power unit. Even the number of a personal account in a Swiss bank was mentioned. How would you comment on these reports?

[Usatenko] These facts should be commented on by the prosecutor, who is responsible for supervising the status of the zone. Personally, I am concerned with something else. In accordance with the aforementioned law, all economic activity in the zone is prohibited. How can the "Jupiter" plant in Prypyat produce gaskets for VVER [expansion unknown] reactors and sell them all over Ukraine? What is the Chernobyl specialized motorized column doing, given that it is not receiving subsidies and has not had a work stoppage in a year? Finally, what is the aim of establishing the Chernobyllis [Chernobyl forest] Amalgamation? Is it only for scientific research? If so, the amalgamation has no right to ignore the data collected by biochemist, Kazan University Professor Valentin Kopeykin. Kopeykin maintains that the forest in the zone is contaminated with plutonium and the contamination level riches 70 bekarels [as published] per cubic meter of forest, which is comparable to radioactive waste. In other words, the production of lumber in that sector is a crime. While Chernobyllis managers are scratching their heads and thinking what to do, lumber is robbed by the truckload. Managers from adjacent rayons remove sections of the fence and cut down entire lumber plots. If this lumber sets off alarms on radiometers abroad, Ukraine will not avoid an international scandal.

Please, understand that I am not a stubborn formalist and I realize that decorticated lumber produced in the "cleanest" parts of the forest can be shipped under strict radiological control. However, uncontrolled economic activities in badly contaminated areas amounts to a crime. The state pays too much to finance the "Prypyat" scientific-production amalgamation and has the right to demand at least proper radiological controls.

In the first half of 1994, for instance, the "Prypyat" received 190 billion karbovantsi and spent almost the entire sum—183 billion—on salaries for its employees. With what are they busy, given that to receive reliable information one has to turn to a Russian professor?

[Smaha] Reporters who ever visited the Chernobyl zone claim that local scientists reveal only those facts that suit the needs of the nuclear department. All other facts are concealed. I recently flew over the zone in a helicopter during the spring flood in Belarus. Hydro-technological constructions near the station and along the Prypyat river withstood the pressure of spring waters. What is the current situation?

[Usatenko] **In my opinion, an irreparable thing has happened. The water level in the cooling pool of the Chernobyl nuclear power plant is only 20 cm higher than the water level in Kiev reservoir, and the level of subterranean water is only 20 cm lower than in the reservoir. This means that the power plant is underflooded.** On its territory and in the entire zone there are a lot of wells from which water can be taken for analysis. However, strange as it seems, "Prypyat" has not made such analyses, and Professor Kopeykin was not permitted to enter the station. Does this mean that we again have to deal with the conscious concealment of facts regarding the state of environment? [Smaha] That is possible. If the station, indeed, is underflooded, then the "red forest" near it and dozens of provisional burial sites are in contact with subterranean waters. What effect does it have on the quality of water in the Kiev reservoir and the Dnieper River? Natural migration of radionuclides is a slow process, but the speed of water flowing into the Black Sea is much higher. Given that in the zone subterranean water is only 20 cm underground, this is bound to affect the quality of water in Kiev, Kaniv, Cherkasy, Dnipropetrovsk, and so on. How can these alarming facts be concealed?

[Usatenko] I do not know. I only say things about which I am fully convinced. The "red forest" that you mentioned is now simply covered with water. We, indeed, cannot rely on the impartiality of scientists from the atomic department. Neither can we believe in assertions that this department will serve the people, and not itself. In 1990-1991, the Ministry of Finance Department for Control and Inspections examined the use of funds allocated to eliminate the consequences of the Chernobyl catastrophe. Grave violations were then revealed. Vitold Fokin, the then prime minister of Ukraine, did not allow the documents to be passed to the prosecutor's office. President Kravchuk then proclaimed that "there is no alternative to nuclear power engineering," the moratorium was lifted, and the government resolved to continue the development of the atomic industry.

Someone had to pay for these "games." Ordinary people were made to pay—every Ukrainian citizen is paying 12 percent of his salary as "the Chernobyl tax." This money is transferred to a special nonbudget fund for eliminating the aftermath of the accident. Quite recently, however, the Ukrainian Cabinet of Ministers passed Resolution No. 600, and excluded 1.2 million people from the fourth zone. This resolution is both illegal and immoral. It is immoral because the government has refused to support the people who suffered because of the state. It is illegal, because the budget law stipulates that the executive branch has no right to meddle in nonbudget funds. This can only be done by the legislative branch, in this specific case represented by local councils. Both the Kiev and Zhytomyr Oblast Councils have already filed a protest against the government's illegal decision. The Ministry for Chernobyl Issues, however, keeps silent, even though it is the most interested institution, given that it spends most of the money.

[Smaha] If the government itself blatantly violates the law, what can we expect from ordinary citizens? VECHIRNIY KYYIV and other newspapers have informed their readers that criminal proceedings have been initiated on thefts of radioactive substances from the Chernobyl power plant. Have there been any results?

[Usatenko] No. The attempts to find the thieves have "failed." Let us think logically, is it so difficult to steal from the plant? Two pre-accident heat-emitting elements were stolen. The iron bars in the warehouse were cut with a hacksaw. Who might need the elements? For any state secretly developing a nuclear weapon, a subassembly of an RBMK reactor is worthless. Neither do international terrorists need such material. Thus, the "foreigner" and "smuggler" versions are out of the question. Who might need a heat-emitting element in Ukraine? Only those who want to know by all means what kind of fuel was in the reactor before the accident. Those are power plant specialists or employees of the "Prypyat" Amalgamation. It is not easy to infiltrate into the warehouse where heat-emitting elements are stored. The movement of people is under strong control here, dictated by the requirements of nuclear security. Is it really so difficult to find the thieves among some 20 people who have access to this facility? Of course, not. That is why I presume that the investigation has proved fruitless because if the criminals were to be caught, certain things would be made public, which somebody is eager to conceal. Namely, it would have to be mentioned that a large stock of nuclear fuel was kept at the station during the accident. While comparing the official data on the reactor's state before the accident and the scale of soil contamination, one comes to the conclusion that 20 percent of the fuel meant for the shattered No. 4 reactor has disappeared without a trace.

Eight years have passed since the accident, however we still do not know what happened to the fuel. This is quite a mystery. Do you think that state policy can be built on the basis of detective stories?

[Smaha] Of course, not. Do you think that it is appropriate to plant a nuclear time bomb under the future of the nation by building new reactors and dreaming about a closed nuclear cycle on Ukraine's territory? Particularly since nobody knows what to do with the waste.

[Usatenko] Our people have unfortunately become hostages to the atomic department's shady deals. Independent Ukraine, an heir to the former Soviet Union, has assumed responsibility for the Chernobyl accident. However, by introducing the 12 percent Chernobyl tax, the state, as we see it, has shifted the entire burden of financing the liquidation of the accident's aftermath onto the people. Yet this money is not being used to support people. Instead, it is being spent to finance the Chernobyl Ministry and an apparatus of its scientists. Those scientists are nurturing nuclear myths and advocating nuclear power engineering as having no alternative. As a result, both Ukraine's economy and ecology will be definitely destroyed to satisfy the ambitions of a narrow group of politicians and bureaucrats. We cannot let this happen. If we do not abandon the nuclear path our descendants may face a catastrophe much more terrible than the Chernobyl accident.

[Smaha] This is clear. However, how can we avert a nuclear winter in Ukraine, given that two-thirds of the people are convinced that the Chernobyl power plant is supplying some 5,000,000 people with electricity?

[Usatenko] This is nonsense! The power plant is only supplying energy to the southern rayons of Kiev Oblast. There are no rational arguments in favor of continuing the operation of the plant. The only thing that we would have to do is resolve the social problems of the station's staff. As long as the Chernobyl monster continues operating, nobody will agree to discuss with us international assistance for increasing safety of Ukrainian reactors. The Chernobyl station should be closed down as soon as possible, and for good. Truth is the only weapon capable of fighting disinformation spread by the nuclear department. I wish you and the entire VECHIRNIYY KYYIV staff endurance in revealing the truth about the most acute problem of our lives—the Chernobyl problem.

Belarus

Drafters of Government Program Admit 'Faults'

WS1110144494 Minsk BELAPAN in English 1300 GMT 11 Oct 94

[FBIS Transcribed Text] Deputy Prime Minister Syarhey Linh admitted at a news conference held on 10 October by the working group, which had drafted the government's anti-crisis program, that the program has faults and is somewhat inconsistent. "But we cannot wait and we have no alternative programs," the deputy prime minister declared. According to Syarhey Linh, the implementation of the program will require the adoption of 105 documents—31 Supreme Soviet's resolutions, 22 presidential edicts, and 53 government's resolutions. [all numbers as received]

The Cabinet of Ministers will likely discuss measures to implement this program on 11 October.

"The program of urgent measures to overcome the economic crisis in the Republic of Belarus measures up to all the basic requirements of the International Monetary Fund," Lew Kriukaw, one of the authors of the program, declared in his interview to ZVYAZDA. According to him, the package of stabilizing measures does not differ from the measures used in other post-communist states. At the same time, according to Lew Kriukaw, Belarus's viewpoint regarding the terms of the implementation of the program differs from that of the IMF. The IMF, in particular, proposes that Belarus reduce its inflation rate to 1 percent a month by the end of 1995. The Belarusian Government, however, insists on 1 or 2 percent inflation rate a month because, according to Lew Kriukaw, "we must not allow the 65-70 percent drop in industrial production as it happened in the Baltic countries."

Bank Experts Call New Currency 'Premature'

LD1110161194 Moscow INTERFAX in English 1220 GMT 11 Oct 94

[FBIS Transcribed Text] The Belarusian National Bank finds it premature to introduce a national currency because the 50 percent monthly inflation will soon make them worthless. Bank experts think the move would be justified only with inflation under 10 percent a month.

Under the government anti-crisis program the rate of inflation is to be reduced to 5-7 percent a month by mid-1995. Only then can one speak of a national currency, experts told Interfax.

According to the press service of the bank, last year Belarus printed the local currency - the Belarusian ruble - in Germany.

At the moment the role of the local currency is played by banknotes of the National Bank (known as "rabbits" for the pictures of animals on them) introduced in May 1992. Last June the National Bank and government recognized them as the only legal tender in the country.

Party of Accord Offers Conditional Support

WS1110141894 Minsk BELAPAN in English 1300 GMT 11 Oct 94

[FBIS Transcribed Text] Mikalay Shelyahovich, chairman of the Party of All-Belarusian Unity and Accord [PAUC], has refuted the rumors that the party intends to become "presidential." "Only a year and a half ago," Mikalay Shelyahovich said, "we met with Alyaksandr Lukashenka and discussed cooperation issues." He declared then that PAUC is willing to cooperate with the president in the areas where the presidential position coincides with that of the party. M. Shelyahovich added that "we are not going to compete in radicalism—who is an opposition leader." According to the received report, PAUC will participate in the presentation of Sergey Shakhrai's party [Russia] held on October 22 on the occasion of its first anniversary.

Leftists Trying To Use Moscow To Boost Influence

MK1110132094 Moscow SEGODNYA in Russian 11 Oct 94 p 5

[Report by Valentin Zhdanko under the "Belorussia" rubric: "The Left Try To Boost Their Authority With Moscow's Help. Their Leaders Arrive in Russian Capital To Attend Parliamentary Hearings"]

[FBIS Translated Text] Many influential politicians in Minsk were bewildered by the Russian Federation State Duma invitation to leaders of the People's Movement of Belorussia [Belarus] [PMB] to attend the parliamentary hearings "On the Position of Expatriates Abroad," starting today. Arriving for the hearings are PMB Chairman Syarhey Gaydukevich; Mikalay Syarheyew, head of the "White Rus" Slavic assembly, and other PMB cochairmen who include the leaders of Belarus' "Zhirinovskiyites," and of the exotic "Association of Writers of Battle Scenes and Seascapes" [assotsiatsiya pisateley batalistov-marinistov]. The visitors intend to meet with the heads of the Duma's deputy factions, and representatives of the Russian Federation Government.

In the past, the PMB claimed for itself the role of a united left-wing opposition, but after the party of communists and the Komsomol broke away from it during the presidential elections, the movement turned into a conglomeration of motley dwarf parties which do not wield any appreciable influence in the country. It is led by persons whose political reputation is doubted by many in Belorussia.

PMB Chairman Syarhey Gaydukevich, who mobilized all efforts to back ex-premier Wyacheslaw Kebich during the presidential elections, is trying today, with equal zeal, to turn the PMB into a pillar of the new authority.

But President Lukashenka has turned down PMB services, characterizing Mr. Gaydukevich as "a personage suckled on Kebich's breast." The basis of today's PMB is comprised of the small "White Rus" Slavic assembly, riven by internal differences. Its leader Mikalay Syarheyew is known for the fact that having at first mobilized his party to gather signatures in support of nominating Alyaksandr Lukashenka as presidential candidate, at the height of the campaign he ordered withholding all signatures gathered. As a result, not only Mr. Lukashenka, but also many of his comrades-in-arms, turned their back on him.

The PMB has been lately pushing the idea of a referendum to revoke the Belovezhskaya Forest accords, to ban private ownership, and to grant Russian the status of a state language. But these attempts have been unsuccessful so far. As for the communists, they decline to go back under Mr. Gaydukevich's wing, accusing him of lack of political scruples and flirting with petty-bourgeois parties.

Observers think the Belarus leftists seem to be trying to boost their authority with Moscow's help in the wake of a split in their own ranks.

Communique Issued With Lithuanian Prime Minister

WS1110141994 Minsk BELAPAN in English 1300 GMT 11 Oct 94

[FBIS Transcribed Text] According to a communique signed on the results of the 7 October talks between Lithuanian Prime Minister Adolfas Slezevicius and his Belarusian counterpart Mikhail Chyhir, a variety of key political and economic problems were discussed. The prime ministers have come to an agreement to sign treaties and agreements on cooperation, mutual protection of investments, and avoidance of dual taxation.

The corresponding ministries and departments have been instructed to draft agreements on the rationalization of transportation of goods, the reduction of tariffs, the introduction of mutual privileges, more efficient use of the Klaipeda port, as well as on the mutual use of air space.

The sides have pledged themselves to speed up the implementation of the provisional agreement on the simplified crossing of the Belarusian-Lithuanian border by the people residing in the border areas.

The prime ministers have agreed to organize the joint work of customs checkpoints at the border crossings.

Border Talks With Lithuania Expected

WS1110141794 Tallinn BNS in English 1315 GMT 11 Oct 94

[FBIS Transcribed Text] Minsk, Oct 11, BNS—A round of Lithuanian-Belarusian talks on border delimitation and demarcation will be held at the end of this week, Belarusian Deputy Foreign Minister Stanislaw Ahurtsow said Tuesday.

Ahurtsow said negotiators are most likely to meet in the Belarusian town of Grodno. In his words, the main issue on the meeting's agenda will be the fate of the disputed Adutiskis railroad station, which is presently claimed by both countries. Lithuanian and Belarusian experts also intend to discuss issues related to border crossing procedures.

In an interview with BNS, Ahurtsow expressed certitude that border talks between Lithuania and Belarus will be successfully completed in the near future, because "there is every reason for this to happen."

Moldova

Official Wants Mediation in Tighina Conflict

AU1210112594 Chisinau BASAPRESS in English 1900 GMT 10 Oct 94

[FBIS Transcribed Text] Chisinau BASAPRESS, 10/10/1994—The Joint Control Commission [CMC] should take part in the settlement of the Tighina conflict, BASA learned from vice minister of interior Victor Catana, CMC co-chairman representing Moldova. In his opinion, the CMC should influence the Tiraspol leaders who oppose the use of the Latin script in the Moldovan schools and convince Moldovan parents in Tighina to stop blocking the railways. "I oppose, by all means, such actions as the blocking of railways but we should not forget that it was provoked by the serious violation of basic human rights—the right to study in your mother tongue—by the Tiraspol authorities," Catana said. General Catana said that the railways blocking could become a serious destabilizing factor in the collective security zone. According to him, Tighina police insisted on not blocking the railways up to the last moment trying to convince the protesters. Currently, the Moldovan leadership undertakes measures to stop the blockade in order to resume railway traffic by the end of the day, Catana said.

Kazakhstan

Nazarbayev Castigates Cabinet for Failures

LD1110122794 Moscow Ostankino Television First Channel Network in Russian 1052 GMT 11 Oct 94

[From the "Novosti" newscast]

[FBIS Translated Text] Today's meeting of the Kazakh Cabinet of Ministers took place in a ceaseless blanket barrage of criticism from start to finish, mainly from the republic's president, Nursultan Nazarbayev. The entire government came under fire, having been given its last chance in the form of a free hand for 15 months to implement its anticrisis program. This chance went unused. Why?

Prime Minister Sergey Tereshchenko was unable to answer this question or adduce any weighty arguments in favor of the actions of the present government. Three months have now passed but there have been no changes: output is still falling, inflation is mounting, unemployment is rising, and poverty is becoming more widespread. Bureaucracy and paper-shuffling continue to flourish in government institutions. This means that the reforms themselves are marking time. Moreover, presidential edicts on problems relating to the economic reforms are continually being ignored.

Until now Nursultan Nazarbayev has only carried out cosmetic repairs to the top layer of government by replacing or transferring certain members of the Cabinet of Ministers, but today he decided to do more. In his summing up he was categorical: The present Cabinet of Ministers, which has demonstrated its inability to function, should resign in its entirety.

Nazarbayev Nominates New Prime Minister

LD1110192194 Moscow INTERFAX in English 1743 GMT 11 Oct 94

[FBIS Transcribed Text] Kazakhstan President Nursultan Nazarbayev has nominated Akezhan Kazhegeldin a new prime minister.

Kazhegeldin, 42, whose nomination is going before parliament for confirmation on Wednesday, would replace Sergey Tereshchenko, whose government resigned on Tuesday.

Kazhegeldin was first deputy prime minister in Tereshchenko's government.

Parliament Approves New Prime Minister

LD1210084094 Moscow ITAR-TASS in English 0748 GMT 12 Oct 94

[FBIS Transcribed Text] Alma-Ata [Almaty] October 12 TASS—The Kazakh legislature approved on Wednesday President Nursultan Nazarbayev's nominee for the new cabinet head. Akezhan Kazhegeldin, 42, will be the new Kazakh premier. He addressed legislators today and made a good impression on them.

Kazhegeldin is an economist who graduated from two higher educational establishments.

He worked as a company manager in Semipalatinsk, headed Toman (regional joint stock society), then Semei (commercial joint stock complex) and worked as deputy head of the Semipalatinsk regional administration. He became first vice-premier of the Kazakh Government last December.

Describing the new premier, Nazarbayev said that he is very competent in questions of a market economy, has good organisational abilities and is distinguished for a creative approach to tackling difficult and diverse issues of the republic's social and economic development. The president added that Kazhegeldin is very attentive to people's needs.

The republican parliament is now discussing nominated vice-premiers. Judging by information from reliable sources, they will be quite new people.

New First Deputy Prime Minister Appointed

LD1210103094 Moscow ITAR-TASS World Service in Russian 0900 GMT 12 Oct 94

[By ITAR-TASS correspondent Fedor Ignatov]

[FBIS Translated Text] Alma-Ata [Almaty], 12 Oct—Akezhan Kazhegeldin has become the new prime minister of Kazakhstan. A decree on his appointment to this post was signed today by the republic's President Nursultan Nazarbayev. Nigmatzhan Isingarin has been endorsed as first deputy prime minister. He occupied the post of minister of industry and trade in the disbanded government.

Nazarbayev Proposes Ministers for New Government

LD1110215094 Moscow INTERFAX in English 1951 GMT 11 Oct 94

[FBIS Transcribed Text] Kazakh President Nursultan Nazarbayev has proposed Communications and Transportation Minister Nigmatzhan Isingarin be appointed as first vice prime minister of the new republican government.

For the offices of vice prime ministers, he proposed Labor Minister Viktor Sobolev, director general of a metallurgic combine, Vitaliy Mette, former head of the Almaty regional administration, Akhmetzhan Yesimov, and former Press Minister, Altynbek Sarsenbayev.

Nazarbayev proposed Deputy Foreign Minister Kasymzhomat Tokayev be approved as new foreign minister.

The Kazakh president proposed Defense Minister Sadagat Nurmagambetov retain his office.

The chairman of the Kazakh Security Council, Bulat Bayekenov, is expected to be appointed as interior minister.

On Tuesday, the former Kazakh government headed by Sergey Tereschenko resigned.

Kyrgyzstan

Akayev Views Role of Democracy

LD0810085794 Bishkek Kyrgyz Radio First Program Network in Russian 1200 GMT 7 Oct 94

[Speech by President Askar Akayev at meeting to celebrate the 70th anniversary of the Kara-Kyrgyz Autonomous Region, the precursor to present-day Kyrgyzstan; place not given; live or recorded—monitored in progress]

[FBIS Translated Excerpt] ... In the West the pillars of democracy I have mentioned have been developed and polished to a very high degree of perfection over many decades and even centuries. All of them function very effectively in the conditions of Western civilization.

However, it is unthinkable to transplant Western democratic institutions in the same shape and in the same system as they function there to our soil, to the post-communist states of Central Asia. That is just another utopia which many countries of the CIS have failed to avoid.

The past three years' experience of our national statehood has made it possible to test fairly rigorously the vitality and reality of the main democratic institutions, democratic ideas and principles. And life has shown that given our specific economic and social features, our culture and our mentality, the democratic priorities and the sequence of their introduction are different from those in the West.

For instance, the referendum. I am becoming more and more convinced - and I am not alone - that Kyrgyzstan is a country where the referendum could become one of the most real and effective forms of direct popular power. The explanation for this is probably the national character of the Kyrgyz people, or perhaps other factors. However, judging by the experience we have, dialogue with the people of our republic is truly a real manifestation of democracy.

The following fact serves as clear evidence of that: constitutional questions are to be decided by the referendum. According to the experience in the rest of the world, if a constitution is adopted or changed directly by the people, the constitution itself as well as democracy will benefit.

I am also convinced that in the near future a fully-developed system of local self-government will be no less - or perhaps more - important for Kyrgyzstan than parliamentarism is. It is local communities in the villages and towns which form the network of social structures capable of appropriately reflecting the social interests and will of the people. This is the social environment where political actions may be really supported or rejected by the people.

In conditions where communist ideology has collapsed, a crisis of values has appeared, and the daily lives of the majority of the population are not sufficiently guaranteed either in law or by the state as a whole, the humanitarian significance of local communities associations must grow immeasurably. Every Kyrgyz, no matter where he lives, intuitively or consciously feels a strong and unbreakable attachment to his small homeland, to the place where his ancestral home is situated and where his relatives live. I think this statement won't be cause for accusations of tribalism. I very much hope that the local government reform which we are pursuing will give new impetus to public activeness by the broadest possible sectors of the population and strengthen Kyrgyzstan's democratic image in the world community. [Passage omitted]

It is precisely within the context of these high democratic principles that are accepted by the entire world community that our government and state authorities should interact with the media and the opposition.

Here I would like to be heard not only in Kyrgyzstan but abroad, too. I am saying this because some political figures from certain Western countries have recently expressed concern at my statements on the press and about the legal suspension of the parliamentary newspaper SVOBODNIYE GORY, which took place in full accordance with the legislation of the Kyrgyz Republic.

I believe that there are no grounds for any kind of concern. We have tried to strictly observe the directives of international charters to which I referred just now.

Democracy prospers where there is glasnost and openness - and where there is opposition. But this is on the one indispensable condition that both the government and opposition must be equally subject to the requirements of the law, the requirements of justice and the requirements of morality.

It is not just that democracy means power that is restricted by the law; opposition, too, is restricted by the law.

Is the opposition to state power in Kyrgyzstan constructive or unconstructive? And has its appetite for criticism any real substance, or is it simply propaganda? Herein lies the problem of opposition.

I would like to talk about something else - elementary loyalty to the legitimate state authority. Some representatives of our opposition, who were brought up in the spirit of communist intolerance, find it virtually impossible to comprehend the Western concept of a loyal opposition. As a matter of fact, it really means that all parties in a democratic society share an adherence to its fundamental values.

Political rivals are not obliged to like each other. But they must be tolerant of each other and acknowledge that each of them plays a legal and important role. Tolerance and a civic spirit of public debate are indispensable requirements both for the authorities and for the opposition.

If it is otherwise, neither the authorities nor the opposition can be called democratic. [Passage omitted]

Entrepreneurs Form Electoral Bloc

LD1110194994 Bishkek SLOVO KYRGYZSTANA in Russian 6 Oct 94 p 1

[From the "Delovoy Chetverg" supplement]

[FBIS Translated Text]

A Rich People Means a Rich Country.

Agreement on Creating an Electoral Bloc of Entrepreneurs.

We sign this agreement on the basis that we share common tasks and goals and the aspiration to active participation in the deeper implementation of radical economic changes, in improving the legislative basis, establishing private property fully, consolidating statehood as the foundation of democratic reforms, and in urgently resolving social problems:

1. With this agreement we are creating a united bloc, "A Rich People Means a Rich Country," and we will conduct the election campaign under its auspices and within its framework. By uniting our forces we will conduct the election campaign more effectively for our interests to be represented in the highest legislative body, the Zhogorku Kenesh [Supreme Council], and in local councils.

2. This agreement does not limit the number of bloc members and is open for signing by new members who share our goals and tasks.

3. The members of the agreement fully support the deputies put forward by the bloc: K.Asanov, the chairman of the Agrarian Union of the Kyrgyz Republic; U.Kadyraliyev, executive director of the Union of Kyrgyz Industrialists and Entrepreneurs; Ye.Kurmanaliyeva, chairman of a district committee of the trade union of workers in cooperatives and other forms of free enterprise; T.Sariyev, chairman of the Coordinating Council of the Congress of Kyrgyz Entrepreneurs; R.Yasynov, chairman of the Union of Kyrgyz Cooperatives and Entrepreneurs; D.Aydzhanov, president of the Namyz business cooperation association; V.Zhivoglyadov, president of the Soglasiye association of ethnic Russians; D.Nazaraliyev, president of the Kyrgyz Association of Private Medical Enterprises; K.Chalbayev, president of APIK International Inc.; A.Steinbach, president of the Deutsche-Invest association for business cooperation between Kyrgyz and German entrepreneurs; G.Abdrasilov, president of the Vostok firm; E.Alymbekov, chairman of the board of the Aziya-Invest joint stock company; V.Galushkin, director-general of the Inkomservis firm; V.Goberkorn, director of the Kyrgyz-German trade house; O.Gromovaya, director of the small enterprise Lenol; A.Yelebesov, president of the International Fund for Business and Foreign Investment Promotion; N.Yeshmanbetov, professor of the Bishkek International Business and Management School; K.Maatkaziyev, director of the DOOR firm; Kh.Mamutov, chairman of the southern territory committee of the trade union of workers in cooperatives and other forms of free enterprise; V.Pastukhov, director-general of the Stalinit joint stock association; T.Peleshenko, director of the small enterprise SUNUSH; V.Pirogov, president of the ADIS corporation; R.Rusakov, chairman of the Aziya-Sport cooperative; V.Slashchev, chairman of the PSK [expansion unknown] Monolit; Yu.Tashirov, president of Adilet Ltd; V.Tenenbaum, director of the MTPP [expansion unknown] Postskriptum; A.Yurasov, from the Guild of Industrialists and Entrepreneurs.

Industrialists and Entrepreneurs.

The goals and tasks of the electoral Bloc of Entrepreneurs.

1. Consolidation of statehood, respect and undeviating observance of the constitution of the Kyrgyz Republic, its laws, the defense of human rights and of the freedom both of an individual and of economic entities.

2. Strengthening the Kyrgyz economy by making it multi-structural and securing equal opportunities for all its sectors.

3. Improving the legislative basis in all spheres of public and state life. The development of the legal basis for private property. Introducing amendments to the tax and credit system. Optimization of the tax legislation, which is a key factor for improving the economy and all forms of enterprise.

4. Broad and close integration and mutually advantageous cooperation with all states in both the near and far abroad which will lay the foundations for securing the republic's genuine sovereignty, strengthening the economy and raising the level of people's welfare.

5. Increasing people's standard of living and the urgent resolution of social problems. Establishing a non-state social security and pension system.

Our slogan is "A rich people means a rich country".

Tajikistan

Rakhmonov Confirms 6 Nov Election Date

LD1110202494 Moscow INTERFAX in English 1738 GMT 11 Oct 94

[From the "Presidential Bulletin" feature; compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Leader Emomali Rakhmonov excludes the possibility of another postponement of the presidential elections and the referendum on a new constitution scheduled for November 6, the Tajik leader told journalists in Dushanbe and said that the elections will take place as scheduled despite the fact whether the opposition wants to take part in them and not. At the same time Emomali Rakhmonov said: We shall be glad if the opposition reviews its attitude to the country's most important political campaign.

Explaining the unwillingness to change the election and referendum date, he referred to the opinion of leaders of the United Nations and the CSCE who during personal meetings expressed solidarity with the position of the official Dushanbe on the problem.

Rakhmonov said "yes" to Interfax question whether there will be amnesty of the so-called political prisoners in line with the lists provided by the opposition at the Teheran inter-Tajik consultative meeting (the implementation of the measure is one of the conditions of coming into force of the ceasefire agreement signed by both sides—"IF" [INTERFAX]). Rakhmonov said: There will be no problems with amnesty on the part of the Tajik government. Active work in this direction is under way. Over two years in the republic there have been four amnesties and over 6,000 people were released from prisons.

The Tajik leader said that the Tajik government is preparing for the arrival of UN observers scheduled for October 17. The handover ceremony of political prisoners will be carried out under their patronage.

Assessing today's economic situation in Tajikistan as really grave the head of state said that he was not inclined to over-dramatize the situation, though, be believes there will be needed 15 trillion rubles to remedy the republic's economy. Tajikistan's slow joining the ruble zone makes the situation more difficult. We have all documents ready and met all conditions, but the question is still open, said Rakhmonov.

He attaches particular importance to his recent meeting with Uzbek President Islam Karimov, during which the two sides signed agreements on deepening economic cooperation, on bilateral measures for providing safety of the Tajik-Afghan border and on free economic aid to Tajikistan.

CSCE Refuses Request To Monitor Election

LD1110151994 Moscow ITAR-TASS in English 1235 GMT 11 Oct 94

[FBIS Transcribed Text] Moscow October 11 TASS—The Conference on Security and Cooperation in Europe (CSCE) turned down a request of the Tajik authorities for dispatching international observers for the period of the election campaign in Tajikistan. The presidential election is fixed for November 6. Commenting on this fact, Janos Vovszeniuk, representative of the CSCE mission in Dushanbe, said that the decision passed by CSCE leadership in Vienna on October 6 is explained by the Tajik law on elections not being in keeping with international standards and principles of CSCE and the United Nations.

Vovszeniuk said his colleagues, early in September, made a number of substantive remarks and proposals regarding the draft law on presidential elections in Tajikistan, suggesting greater democratisation of the draft law. These remarks and proposals have been ignored by the Tajik authorities. CSCE experts objected to rigid rules of nominating candidates only from administrative bodies and socio-political parties, whereas in any civilised country, any citizen has a right to participate in the presidential election if he meets certain requirements.

The representative of the CSCE mission believes the requirement of collecting five per cent of voters' signatures to register a presidential candidate is excessive for a small country like Tajikistan, which has a population of just over five million. Vovszeniuk believes freedom of election is restricted also by the fact that many political forces are virtually barred from participating in election, above all the opposition, which has no opportunity to nominate its candidate for presidency.

However, CSCE regards the forthcoming elections in Tajikistan as an internal affair of that country, and its remarks are mere recomendations for bringing the law on election in Tajikistan in accord with international standards.

Tajikistan's officials are determined to hold presidential elections and a referendum on the new constitution of the republic on November 6. Head of state Emomali Rakhmonov told a news conference on Monday that this schedule had been fixed by Tajikstan's parliament and endorsed by the United Nations and leaders of the United States, Russia, Uzbekisan and a number of other countries.

Bureaucracy Threatening Tajik Peace Accord

LD1010101594 Moscow Russian Television Network in Russian 0900 GMT 10 Oct 94

[Text] The places for the deployment of the first group of military observers in Tajikistan have been decided. The observers are expected to arrive this week.

There is extremely little time in which to implement the agreement on a bilateral cease-fire, which was signed in Tehran. There is a real danger it could be wrecked for purely technical and bureaucratic reasons. The agreement, as a whole, comes into force on the day the UN's military observers arrive in Tajikistan. A technical mission is already at work, assessing whether the military mission of observers from the supreme international body will be able to go ahead or not.

The Tehran agreement stipulates that between 7 and 17 October, the sides must exchange POWs and other prisoners. The venue for the exchange must be decided and the handover itself witnessed by a bilateral commission, under the direct observation of UN military representatives.

Peacekeepers' Chief on Tajik Situation

MM1110093794 Moscow KRASNAYA ZVEZDA in Russian 11 Oct 94 p 3

[Interview with Colonel General Valeriy Patrikeyev, commander of the Collective Peacekeeping Forces, by Captain Vladimir Mokhov followed by editorial note; date, place not given: "Nothing in Tajikistan Can Be Resolved by Force"]

[FBIS Translated Text] The CIS Collective Peacekeeping Forces [CPF] were set up in October 1993. Our nonstaff correspondent's conversation with Colonel General Valeriy Patrikeyev, commander of the CPF, discussed what has been achieved in their year's existence.

[Mokhov] Valeriy Anisimovich, what has this year demonstrated, how have the CPF influenced the development of events in Tajikistan?

[Patrikeyev] Regrettably, we have not succeeded in totally stabilizing the situation in the republic. Although positive trends have emerged. The present situation cannot be compared with that of 12-18 months ago. Tajikistan is now far calmer. This has been achieved thanks to the fact that we have virtually sealed the border and posted covering detachments [postavili zaslony] in the Moskovskiy and Pyandzh Border Detachment sectors.

In short the past year has shown that a structure like the CPF pays off. But I am not looking at what is happening through rose-tinted spectacles. The situation in the republic is complex. A disengagement corridor like that between the Georgians and Abkhazians, say, is simply impossible here. After all, Tajiks are fighting Tajiks. The opposition is everywhere—in Dushanbe, Kulyab, and other parts of the republic. How can the peacekeepers form a wall between them? Everything is clear on the border. Controlling the situation within the republic is far trickier. Once again what does it mean for us to autonomously display activeness? It means taking someone's side. But the CPF have a different task—to maintain peace and tranquility in this region.

[Mokhov] It is no secret that some people in Russia describe our troops' deployment in Tajikistan—and it is they who form the backbone of the CPF—as a second "Afghanistan." It is said that we are getting bogged down in and will end the Tajik epic as infamously as we did that in Afghanistan....

[Patrikeyev] These comparisons certainly do suggest themselves at first glance. But there are plenty of important differences. First, we are the CIS CPF and we are on our own territory, that of the Commonwealth of Independent States. Second, the civil war in Tajikistan is clearly being "fueled" from outside. This is confirmed by the involvement in the fighting of Arab mercenaries and the existence in third countries of bases training opposition gunmen. And that constitutes interference in the internal affairs of not only Tajikistan itself but also the CIS as a whole, of which the former is a member. And the Tajik-Afghan border is also the southern border of the entire Commonwealth, including Russia.

Imagine our troops leaving here. What will happen. The war will move right up to Omsk, Barnaul, and Chelyabinsk—to our new borders, which cannot be called a border because the requisite infrastructure is lacking there.

And here is another important detail. If Russian servicemen leave the Central Asian region, all Russian-speaking citizens will indisputably follow them. And that means tens of thousands of people. Will Russia be able to accommodate and look after them? And it is not only a question of Russian speakers.

[Mokhov] As you know, the 201st Division forms the basis of the CPF. What is your opinion of its role in the prevailing situation?

[Patrikeyev] The division has a tremendous workload. Merely during my time here, the servicemen of the 201st Division have escorted five humanitarian aid convoys to the Pamir. I myself have traveled this mountainous route down the Dushanbe-Khorog highway or the "Life Line" as it is called. The section which lies through the territory of Gorno-Badakhshan Autonomous Oblast is particularly dangerous. The very fact of traveling that route in itself constitutes a great contribution.

[Mokhov] After last year's tragic events at the Moskovskiy Border Detachment's 12th Detail understanding has grown regarding the need to reinforce the 201st Division. Has it been adequately reinforced?

[Patrikeyev] I think so. Although there are problems with manning the division, with supplies, and the organization of contract service. But we are trying to resolve them.

[Mokhov] How do you think the Tajik problem should be resolved?

[Patrikeyev] Strictly speaking you cannot resolve anything by force here, nor will you do any good. It is time to come to the negotiating table. The first step toward reconciliation has been taken: An interim cease-fire agreement has been signed in Tehran. It is necessary to carry on in the same vein. Only not on an interim but on a permanent basis. A clear program must also be formulated for the disarmament of the various groupings. Since there are armed formations that do not come under government or opposition control.

It is primarily necessary to reliably close the border, preclude the infiltration of weapons and munitions from the other side. In short it is necessary to act more vigorously. But also sensibly. [Patrikeyev ends]

Incidentally. During a conversation with a RIA-NOVOSTI correspondent Colonel General Grigoriy Bessmertnykh, CIS CPF chief of staff in Tajikistan, said that he thinks it advisable for the UN Security Council to grant the CIS CPF the status of peacekeeping forces under UN auspices. A broader approach to this issue would make it possible, Bessmertnykh believes, "to glimpse the outline of a new security concept for all Central Asia."

'Tajik Militants' Shell Russian Border Guards

LD1110161994 Moscow INTERFAX in English 1220 GMT 11 Oct 94

[FBIS Transcribed Text] Tajik militants shelled a section of the 12 post of Moscow's border unit on the Tajik-Afghan border Monday, a spokesman for the Dushanbe based Russian Border Troops Command has reported to Interfax.

According to him, the militants who took up positions in the rear of the unit in the mountains fired two rockets on the frontier post. The militants firing position was suppressed by counter fire. The Russian border guards suffered no casualties.

Meanwhile, Moscow border guards have discovered at one of the frontier sections a hideout with 14 mines, belonging to the Tajik opposition army. The weapons were defused.

Militants Killed in Border Clash

LD1210100194 Moscow ITAR-TASS in English 0817 GMT 12 Oct 94

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Transcribed Text] Dushanbe October 12 TASS—A new clash between Russian borderguards and a group of Tajik gunmen took place on Wednesday in the area of the sixth post at the Khorog border section. As a result, two Tajik militants were killed.

ITAR-TASS learnt at the press center of the command of Russian border troops in Tajikistan that a military convoy heading from Khorog (administrative centre of the Gorno-Badakhshan Autonomous Region of Tajikistan) for Kalaikhum, spotted Tajik militants crossing the border Pyandzh river.

Tajik gunmen opened fire at the convoy from the Tajik and Afghan banks of the river. Russian borderguards were forced to return fire.

Commenting on the general situation on the Tajik-Afghan border, a representative from the command of Russian border troops stated with regret that the extremist wing of the armed opposition continues armed provocations, despite the inter-Tajik agreement on temporary ceasefire, signed in Tehran, and the address by U.N. Secretary- General Butrus-Butrus Ghali to the two sides in the conflict to display restraint and to prevent an escalation of hostilities, including on the Tajik-Afghan border.

The 12th post of the Moskovskiy border section is fired on virtually every day. Armed opposition groups do not stop attempts to cross the border at the Pamir direction.

Rakhmonov on Results of Uzbek Visit

LD1010161594 Dushanbe Radio Tajikistan Network in Tajik 1200 GMT 10 Oct 94

[FBIS Translated Excerpt] Today, Emomali Rakhmonov, the head of state and chairman of the Supreme Council of the republic, held a news conference for local and foreign journalists in the Conference Hall of the Council of Ministers of Tajikistan. The news conference was devoted to the results of the visit of the government delegation of Tajikistan to the Republic of Uzbekistan. [passage omitted]

Later, Emomali Rakhmonov, the head of state and chairman of the Supreme Council of Tajikistan took the floor.

[Begin Rakhmonov recording] Good afternoon dear friends, ladies, and gentlemen. Speaking about the official visit of the government delegation of the Republic of Tajikistan to the Republic of Uzbekistan, I would like to say that this visit took place on an official invitation from his excellency Islam Karimov, the president of the Republic of Uzbekistan. In spite of the short-term, the visit was very successful. I am personally very satisfied with the results of this visit. In the course of our private talks and in the course of the talks with the participation of all members of the delegation, we thoroughly discussed different issues related to bilateral relations.

First of all, we took specific measures in order to implement those documents on bilateral cooperation that have been signed by both states. I would like to point out separately that our talks were held in an open and fraternal atmosphere of mutual understanding. My talks with esteemed Islam Karimov and the talks between the delegations and the heads of the ministries and departments of the Republics of Tajikistan and Uzbekistan once again proved that no force is able to destroy the friendship between the Tajik and Uzbek peoples, which has faced severe historic exams. [passage omitted]

During the talks with esteemed Islam Karimov, we discussed many hot issues of the region, such as reinforcing the Tajik-Afghan border, the democratic holding of important political events, which means the adoption of the new Constitution of the Republic of Tajikistan and the presidential elections with the participation of the majority of the population, the third round of the inter-Tajik talks, and so on. [passage omitted]

The president of the Republic of Uzbekistan and I expressed our readiness to develop beneficial bilateral relations and mutual understanding between our countries. In particular, we have decided to regulary hold meetings in future to coordinate the foreign policies of both sides on the issues related to security of the region, borders, and so on. In addition to this, we have instructed our governments to take specific measures to further develop scientific, technical, and cultural relations between the two fraternal countries. The governments of both states have been instructed to prepare and sign such agreements in the near future. [passage omitted]

In conclusion, I would like once again to point out that we are fully satisfied with the results of our visit to the fraternal Republic of Uzbekistan. This visit provides for the further development of relations between our countries. [end recording]

[Announcer] Later, Emomali Rakhmonov, the head of state and chairman of the Supreme Council of the republic, answered numerous questions from journalists.

Minister Describes Economic Plight

MM1110101194 Moscow PRAVDA in Russian 11 Oct 94 p 2

[Report by Alisher Niyazov on interview with Tajikistan's Minister of the Economy Rustam Mirzoyev in Dushanbe; date of interview not given: "It Is Immoral To Abandon Friends in Distress. In a PRAVDA Interview, Tajikistan's Minister of the Economy Rustam Mirzoyev Appeals for His Russian Colleagues' Charity"]

[FBIS Translated Text] Dushanbe—"Tajikistan's economy is almost like a tightrope walker, existing on Russian credits and simultaneously maneuvering in conditions of wholesale decline of domestic output volumes," Rustam Mirzoyev, Tajikistan's minister of economy and forecasting, said in an interview with PRAVDA's correspondent. At present, as claimed by the 52-year old doctor of sciences, author of the first anticrisis program compiled for Tajikistan's first President R. Nabiyev, many economic processes in the republic are out of control and have become haphazard. Consequently, and in comparison with last year, GDP declined by 13 percent during the first six months of this year while national income declined by 17 percent. According to Mirzoyev, the cotton campaign has been virtually wrecked due to the lack of fuel, lubricants, and mineral fertilizers. The Tajik aluminum plant, one of the largest in the former Union and a reliable source of foreign currency earnings in the past, is forced to trade four-fifths of its aluminum output in exchange for imported raw materials. Following the Union budget's collapse, Tajikistan has been forced to live according to its own means. Debts have to be repaid. The harsh reality is that today we are producing less than what we are consuming. If this continues into the future, the republic would lose its independence, R. Mirzoyev stressed. When Tajikistan received cash from Russia last fall, there was hope that the solution of our main problems—joining the ruble zone and effecting payments—could occur already in the first half of this year. But we suffered a fiasco....

R. Mirzoyev, who spent virtually all his time in Moscow in the past conducting countless talks and consultations on this topic, accused—not without irritation—certain circles in Russia whom he described as "pen pushers" of immorally delaying the process of Tajikistan's entry into the ruble zone. He was told that this was due to the fact that the unification of monetary systems is not something to be achieved overnight but requires time. R. Mirzoyev described these arguments as totally far-fetched. "Bearing in mind the prevailing geopolitical situation, with Tajikistan left as virtually the sole heir of a large-scale Afghan war, such a 'pen pushing' approach is unacceptable to us. This is not the republic's fault, it is its misfortune. It is downright immoral to abandon us face to face with a collapsed economy. Actually, our industry is quite sound. As soon as payments between enterprises in Tajikistan and Russia get under way, we would no longer be a friend standing there with an outstretched hand."

Armenia

Shumeyko Talks Held Behind Closed Doors

MM1110100994 Moscow ROSSIYSKAYA GAZETA in Russian 11 Oct 94 p 3

[Report by Anatoliy Shapovalov: "Russian and Armenian Parliamentarians Try to Raise Level of Relations"]

[FBIS Translated Text] Vladimir Shumeyko's official visit to Armenia was his first both as head of the Russian Federal Assembly Federation Council and as chairman of the CIS countries interparliamentary assembly. It was expected to last two days.

It is noteworthy, Babken Ararktsyan, chairman of the Armenian Supreme Council, noted at the meeting with parliamentarians, that the visit is taking place soon after the signing in Moscow of an agreement on cooperation between Russian and Armenian parliamentarians.

Relations with Russia have been a priority in Armenia's foreign policy line historically, and remain so, he noted.

Vladimir Shumeyko noted that Russia is allocating a credit of 110 billion rubles to Armenia, 60 billion of which is intended for demothballing and resuming the operation of a nuclear electric power station which, according to the conclusions of foreign experts, is in a good state of preservation.

The situation around Karabakh was also discussed of course. It was noted with satisfaction that the Bishkek protocol is in operation, but the lengthy negotiating process should be speeded up.

Both the meeting with parliamentarians and the talks with Grant Bagratyan, chairman of the Armenian Council of Ministers, were conducted behind closed doors. As Yuriy Algunov, leader of the Federation Council press service, noted, the visit is of fundamental significance for Armenia.

Shumeyko met with representatives of the Russian-speaking population living in Armenia.

Discusses Domestic Situation, Nagorno-Karabakh

NC1110220094 Yerevan Radio Yerevan International Service in Armenian 1615 GMT 11 Oct 94

[FBIS Translated Text] Vladimir Shumeyko, chairman of the Russian Federation Council, who has arrived in Armenia on an official visit, met with the members of the Armenian Supreme Council Presidium on 10 October.

The Supreme Council press service has informed ARMENPRES that in greeting the high-ranking guest at the Armenian Supreme Council, the Chairman of the Supreme Council Babken Ararktsian underlined with satisfaction the development of the traditional friendly relations between Armenia and Russia as manifested by the frequent high-level meetings, in this case by the visit of the chairman of the Russian Federation Council.

Babken Ararktsian noted that the expansion of multifaceted relations with Russia is of priority importance to Armenia's foreign policy. He also stressed the role of the interparliamentary ties in deepening cooperation.

In his thanks for the warm reception, Chairman of the Russian Federation Council Vladimir Shumeyko stressed the importance of the expansion of interstate relations considering the independence of Russia and Armenia, and enumerated his views on the mutually advantageous cooperation in political, economic, and other spheres, as well as the Russian leadership's position on the resolution of Nagorno-Karabakh conflict.

Chairman of the Armenian Supreme Council Babken Ararktsian received Chairman of the Russian Federation Council Vladimir Shumeyko on the same day. At the request of the high-ranking guest, the chairman of the Armenian parliament briefed him in detail on the structure of the parliament, on its four years of experience, and future legislative plans.

Mr. Shumeyko was particularly interested in the constitutional process and the internal domestic situation arising from the pre-election atmosphere.

The resolution of the Nagorno-Karabakh conflict was examined during the meeting. That problem was also broached in the context of the mediatory mission of the CIS Interparliamentary Assembly; and the need to consolidate the cease-fire and establish a reliable peace in the region, which were the outcome of that mediatory mission, was underlined.

Other issues of mutual concern were also examined during the meeting.

Chairman of Russian Federation Council Vladimir Shumeyko met with the Aktiv of the Russian Societies in Armenia at the state guest house on 10 October. Problems of the republic's Russian-speaking population, particularly education in their mother tongue, the participation of the minorities in the organs [not further specified], and the situation at the Russian cultural centers were discussed during the meeting. Shumeyko promised that the issues raised will be discussed during his meeting with Armenian President Levon Ter-Petrosian within the context of the development of bilateral ties in all spheres. He also told them that there are plans to draw up an interparliamentary civilian code which will reflect all the problems of the Russians living outside the Russian borders.

After official contacts on 10 October, the Chairman of Russian Federation Council Vladimir Shumeyko visited the Holy See Echmiadzin accompanied by the Chairman of the Armenian Supreme Council Babken Ararktsian, where he placed flowers on the tomb of Catholicos of All Armenians Vazgen I. The high-ranking guest was received and greeted by Acting Catholicos His Excellency Archbishop Torgom Manukian. The acting catholicos and the chairman of the Federation Council stressed the importance of bolstering the spiritual ties between the two friendly and Christian peoples, the revival of the spiritual life in both countries, and the protection and enrichment of the values inherited from their ancestors.

The chairman of the Federation Council then visited the museum at the Holy See, and familiarized himself with the rare treasures being kept here.

Notes Good Russian, Armenian Relations

LD1110165794 Moscow ITAR-TASS in English 1342 GMT 11 Oct 94

[By ITAR-TASS correspondents Lyudmila Yermakova and Tigran Liloyan]

[FBIS Transcribed Text] Yerevan October 11 TASS—"There are no extremely painful questions in relations between Russia and Armenia which one has to encounter in relations with other former Soviet republics," Vladimir Shumeyko, chairman of Russian Federation Council (upper house of parliament) said in his address to the Armenian Supreme Soviet session presided over by President Levon Ter-Petrosyan today. The Federation Council speaker noted that Russian-Armenian ties have widely and reliably developed over the past three years.

Shumeyko emphasised the importance of peacemaking mission of Russia and the CIS inter-parliamentary assembly in the negotiation process to find a peaceful solution to the Karabakh conflict. He named the ceasefire in the conflict region, which is in force for several past months, as a result of the signing of the Bishkek protocol.

Russia To Provide R110 Billion Credit

LD1110173394 Moscow ITAR-TASS World Service in Russian 1037 GMT 11 Oct 94

[By ITAR-TASS special correspondents Lyudmila Yermakova and Tigran Liloyan]

[FBIS Translated Text] Yerevan, 11 October—With regard to the political level of relations between Russia and the CIS countries, Chairman of the Federation Council Vladimir Shumeyko put Armenia in first place. He stated this at a news conference today on the results of an official visit by a delegation from the upper chamber of the Russian parliament to Armenia.

In an interview with the ITAR-TASS correspondents he stressed that "Russia's interests in Armenia are infinite," they are based first and foremost on centuries-old, traditional links.

Assessing the outcome of the visit, Vladimir Shumeyko noted that "there was a minimum of diplomacy and the maximum of frankness and constructiveness" in his conversations with the president, prime minister, and speaker of the Armenian Supreme Soviet. There were no disagreements, he said.

The head of the Federation Council reported that Russia was freeing 110 billion rubles of credit for Armenia this year from the funds in the state budget set aside for providing credit to the CIS countries. The speaker said that the 60 billion rubles allocated for de-mothballing the Armenian atomic power station would be paid mainly to Russian enterprises which took part in the operation.

Chairman of the Armenian Supreme Soviet Babken Ararktsyan gave a high evaluation of Russia's mediatory mission in settling the Karabakh conflict. He stressed that only "a political solution to the problem may restore peace and stability in the region."

Yerevan Radio Skeptical of Azeri 'Coup'

NC1010220294 Yerevan Radio Yerevan International Service in Armenian 1930 GMT 10 Oct 94

[Station commentary]

[FBIS Translated Text] According to Azerbaijani officials, yet another coup attempt has been prevented, and legality and social and political stability has been restored in that republic.

What has really taken place in Azerbaijan, and was it really a coup attempt, or was it staged? Here is our commentary:

According to the assertions of some Baku officials, the events of the first week of October were a coup attempt, a dangerous encroachment on Azerbaijan's independent statehood and sovereignty conceived and organized by Azerbaijan's external and internal enemies.

But conflicting views of observers are noteworthy. Some think that what happened was instigated by Russia in response to the oil agreement signed in Baku on 20 September, which for Moscow signified Azerbaijan's final orientation toward the West with all the ensuing economic and military-strategic consequences. The escape of four opposition leaders from the isolation ward of the Azerbaijani National Security Ministry on the night of 22 September and the murder of the two close comrades-in-arms of President Aliyev on the night of 29 September are specifically mentioned as a link in the chain of Moscow's negative reaction.

Others think the events which started on 2 October are a result of an inter-clan struggle, first of all between the Baku and Nakhichevan clans and then between the Ganja and Nakhichevan clans to secure better administrative and financial-economic positions.

And some, considering the super-tense domestic situation in Azerbaijan, see these events as localized disturbances and as an expression of a resolute struggle for power between the radical opposition and existing regime.

However, the conclusion of those observers that the intensive developments in October were nothing but a political show quite successfully staged by the authorities themselves is gradually gaining ground. According to these observers, this was a two-pronged plan which on the one hand aimed at solving the above-noted major problems in favor of Aliyev with a single stroke, and on the other hand to ensure the planned transition to absolute personal rule.

And in fact, the results show how accurate were the political calculations of Azerbaijan's [words indistinct]. In this way, President Aliyev first of all firmly made Moscow understand that he, the KGB general, is well-aware of the dealings of Russia's special services, and that their efforts to set up a puppet administration in Azerbaijan is futile. Hence, it was not a coincidence that President Boris Yeltsin felt the need to praise Aliyev's actions.

Additionally, the inter-clan struggle also ended with the victory of the Nakhichevan clan, which is headed by Geydar Aliyev. The Baku and Ganja mafias will endure the bitter taste of defeat for a long time to come.

The thousands-strong rallies and demonstrations organized in defense of President Geydar Aliyev, the flood of congratulatory cables and messages, and the state of emergency regime introduced in Baku broke the backbone of the radical oppositions, and many of them are now hastening to express their loyalty to their victorious opponent.

And finally what is most important, in deposing Prime Minister Suret Guseynov—who was his and the opposition's sworn enemy—with the tacit approval of the radical opposition, Geydar Aliyev neutralized this unpredictable, dangerous factor, who was known to be the greatest obstacle among the political opposition to Aliyev's absolute personal rule.

But has the final curtain fallen and the show ended? In this regard the conclusion of Berlin's TAGES ZEITUNG paper is interesting: In one of its latest issues, the German periodical notes that Ganja is Suret Guseynov's support base, and it opines that the play is not over and that new confrontations and clashes are certainly expected in Azerbaijan in the future.

Demonstrators Demand Resignation of Authorities

NC0710190594 Yerevan SNARK in English 1546 GMT 7 Oct 94

[FBIS Transcribed Text] Yerevan, 7 October (SNARK)—A number of oppositional parties in Armenia held a rally today in the Opera Square. Leaders of National Democratic Union, Armenian Revolutionary Federation "Dashnaktsutyun", and National Self-Determination Union demanded resignation of present authorities.

It was also announced at the meeting that five oppositional parliament fractions will unite Monday in a single bloc.

Therefore the opposition leaders have organized a procession. Responding to the appeal of demonstrators to march towards presidential palace, one national democratic leader, Shavarsh Kocharian, observed "One should march only once to the president's palace, and not to demand the resignation but to accept it".

Five opposition parties that appeared lately with a joint statement intend to organize another rally on October 21.

Parliament Faction's Disbanding Detailed

954K0033B Yerevan RESPUBLIKA ARMENIYA in Russian 5 Oct 94 p 1

[ARMENPRESS report: "The Supreme Council Press Center Elaborates"]

[FBIS Translated Text] At a meeting of the Supreme Council of Armenia on 26 September, Deputy Paruyr Ayrikyan made an announcement regarding the Free Parliamentarians deputy group.

In response to the questions raised in the announcement, the press center of the Supreme Council presented its own interpretations to ARMENPRESS. The announcement on the dissolution of the Free Parliamentarians deputy group was made public on 16 September at a meeting of the Presidium of the Supreme Council on the basis of a written statement concerning the departure of Deputy Narine Balayan from this group. According to Article 63 of the regulations of the Supreme Council of the Republic of Armenia, deputy groups and factions must have not less than 10 persons in their structure. Taking this condition into account, with the departure of Narine Balayan the number of members of the deputy group was nine persons. According to Supreme Council regulations, the group is then dissolved. Also, the claim that the group had 11 persons at that time is groundless. As far back as July 1992, Deputy S. Dzhaukin left this group, about which written notification has been preserved. Also lacking any justification are reproaches that the leader of the group was not informed of the dissolution. We report that the Secretariat of the Supreme Council provided information about this in a timely manner to Mr. Ovsepyan, chairman of the Free Parliamentarians deputy group.

Consequently, there were no legal or ethical violations on the part of the Presidium or the Secretariat. We believe that both the announcement of Deputy Paruyr Ayrikyan, and the article on this subject in the issue of the newspaper ANKAKHUTYUN of 29 September of this year are only the result of a misunderstanding.

At the same time, the Secretariat of the Supreme Council proposes, in accordance with Article 64 of the regulations of the Supreme Council of the Republic of Armenia, to submit a statement to the Presidium of the

Supreme Council concerning the establishment of the deputy group, noting its membership and appending a program.

Azeri Shelling of Borders Reported

NC1010194094 Yerevan Radio Yerevan International Service in Armenian 1615 GMT 10 Oct 94

[FBIS Translated Text] The Armenian Defense Ministry press service reports that a tense situation arose again on the Armenian-Nakhichevan border and on the republic's northeastern border last night. The Azerbaijani formations in Nakhichevan directed machine gun fire at the positions of the border guards in Megrinskiy Rayon between 2100 and 0230. There were no casualties.

The enemy fired on the defensive positions of Chinari in Tavushskiy Rayon at 0550 on 10 October with mortars, machine guns, and other firearms. The shelling was still continuing at 0800 this morning. There is one wounded on our side.

The Armenian border troops responded appropriately.

Relative calm has been prevailing on the rest of Armenian-Azerbaijani borders since last night. A relative calm is also continuing in Nagorno-Karabakh Republic.

Additional Firing From Azeri Units

NC1110164094 Yerevan Radio Yerevan in Azeri 1430 GMT 11 Oct 94

[FBIS Translated Text] The Armenian Ministry of Defense's Press Office has disclosed that Azerbaijani military subunits fired on defense positions in (Gakhank) in Vardenisskiy Rayon from 1900 to 1940 last night. No one was hurt.

The defense positions around Agarak in Megrinskiy Rayon were fired on from Ordubadskiy Rayon in the Nakhichevan Autonomous Republic with machine guns from 2200 to 2300. No one was hurt. Our border guards refrained from taking retaliatory measures and waited for the firing to subside.

The same source disclosed that the situation on other parts of the border between Armenia and Azerbaijan was relatively peaceful last night and this morning.

Armenia Joins Partnership for Peace

954K0047B Yerevan RESPUBLIKA ARMENIYA in Russian 6 Oct 94 p 1

[SNARK report: "Armenia Prepared for Partnership"]

[FBIS Translated Text] Yesterday Armenia acceded to NATO's Partnership for Peace program. As Aram Safaryan, leader of the Press Center of the Ministry of Foreign Affairs of Armenia, told a SNARK correspondent, the corresponding document was signed at NATO Headquarters in Brussels by Vagan Papazyan, minister of foreign affairs of Armenia.

According to Safaryan, although Armenia was the last of the Transcaucasus republics to accede to the NATO program, close contacts have long been maintained with the NATO structures. At the present time Armenia has its own representative in NATO, and ministers of foreign affairs and defense of the republic have taken part in NATO meetings in Brussels repeatedly.

"Affiliation to the Partnership for Peace program will enable Armenia to participate more actively in joint activity with NATO and also in all-European structures," the press spokesman said.

Republic Added to Paris Club Aid List

954K0047A Yerevan RESPUBLIKA ARMENIYA in Russian 6 Oct 94 p 1

[ARMENPRESS report: "Madrid Meetings"]

[FBIS Translated Text] On 2 October Grant Bagratyan, head of the Government of Armenia, and members of the government delegation of the Republic of Armenia met with Mr. Prok, minister of development and cooperation of Holland. The head of the government thanked the minister for the efforts that resulted in Armenia being included on the list of states receiving assistance from the Paris Club. The economic program of the Republic of Armenia, the problem of the financial resources needed by the republic, and also the amount of financial assistance provided by Holland as a donor country were discussed in the course of the meeting. Mr. Prok announced that the Government of Holland had adopted the decision to present a package of documents on assistance to Armenia at the upcoming meeting of the consultative group in Paris. This meeting of the consultative group, devoted to Armenia, will be held in the first half of next month. The meeting will consider the extent of the participation of Western states and international financial organizations in improveing the republic's economic situation.

The same day the Armenian delegation met with Wilfred Thalwitz, vice president of the World Bank, Basil Kowalski, chief of the Department for Europe and the CIS, and Vayd Greys, who is responsible for the CIS and Armenia. The program of the development of Armenia's economy was discussed. The vice president of the World Bank observed that among the states that had switched to a market economy, Armenia had the most successful economic program. He expressed confidence that it would ultimately bring about positive results. The World Bank will in the very near future render Armenia great assistance both in the stabilization of the balance of payments (by means of so-called restoration credit) and in the allocation of and an increase in investment credit. Specific agreements were reached on the allocation of credit for the development of agriculture and power engineering and the social protection of the population. Grant Bagratyan, head of the Government of the Republic of Armenia, also addressed questions on the funding of restoration work in the border zone and also the economic program for the revival of Nagornyy Karabakh. A program of highway maintenance and construction was offered to the leaders of the World Bank. Giving assurance that the World Bank would make a detailed study of the programs that had been presented, Mr. Thalwitz observed that the bank supports the proposal concerning an increase in the credit allocated Armenia by the Agency for International Development.

Levon Barkhudaryan, minister of finance of the Republic of Armenia, Armen Yegiazaryan, minister of economics of the Republic of Armenia, and Bagrat Asatryan, chairman of the Central Bank of the Republic of Armenia, took part in the discussion.

Georgia Blamed for Reduced Gas Flow

NC1010195494 Yerevan SNARK in English 1636 GMT 10 Oct 94

[FBIS Transcribed Text] Yerevan, 10 October (BUSINESS-SNARK)—Since yesterday only 3 out of 5 million cubic meters of gas—as agreed with Turkmenistan—are being supplied daily to Armenia.

According to the information obtained by BUSINESS-SNARK from the government sources, Georgia is to be blamed for thinner gas flow since the pipeline passes across its territory. The same source told Russia had suspended its gas delivery to Georgia since the latter indebted Russia as much as 12 billion rubles. Therefore Georgia began to use the part of Turkmen gas designed for Armenia, saying the fuel is fed to the port cities where discharge of cargo for Armenia takes place. Observers think that this action of the neighbouring republic may cause Armenia to abstain for a time from Turkmenian gas, until Georgia will settle its problems with Russia. Stored gas supply in Armenia will be enough for two or three weeks.

It was also said, Turkmenistan waits for a signal from Armenia to stop its gas delivery, and to resume supply of 5 million cubic meters upon the settlement.

Earlier in September, sanctions against the third states preventing steady gas supply were included in the agreement between Armenia and Turkmenistan.

Russia Reduces Turkmen Gas Shipment

LD1110173294 Moscow INTERFAX in English 1535 GMT 11 Oct 94

[FBIS Transcribed Text] Turkmenistan reduced gas supplies to Armenia by almost 40 percent, pumping a daily 3 million cubic meters instead of the 5 million cubic meters agreed to earlier, government sources in Yerevan told Interfax.

Yerevan blames the latest setback on Georgia which helps itself to part of Armenia's share of Turkmen gas pumped through its territory. For its part, Tbilisi says the measure caused by the reduction of Russian gas supplies was imposed because of the need to service Armenian cargoes delivered at the Georgian sea ports of Poti and Batumi.

Russia has reduced the shipment of Turkmen gas to Georgia via its territory from 4-5 million cubic meters to 3 million cubic meters a day because of Georgia's 4 billion ruble debt for use of the Russian pipeline, Gazprom distributors told Interfax. However, Russian gas suppliers have continued to pump a daily 2 million cubic meters to Georgia as before, Gazprom representatives said.

Some say Armenia, whose available stock of fuel can last it from 15 to 20 days, can do without Turkmen gas for some time until Georgia has sorted out its differences with Russia.

Electricity is available in Yerevan for only two hours a day.

Presidential Edict Sets Minimum Wage

954K0033A Yerevan RESPUBLIKA ARMENIYA in Russian 5 Oct 94 p 1

[ARMENPRESS report: "Minimum Wage Is Increased"]

[FBIS Translated Text] The president of Armenia signed an edict on the establishment of a minimum wage at the rate of 230 drams and an increase in the scale of allowances for children in the Republic of Armenia, starting on 1 October 1994.

The edict also provides increments to total compensation for damages suffered by citizens as a consequence of work injuries and professional illness, and also an increase in payments to family members in the event of an accident.

Azerbaijan

Aliyev Confirms Guseynov Organized Uprising

BR1110140694 Paris LE FIGARO in French 11 Oct 94 p 6

[Interview with President Geydar Aliyev by Irina de Chikoff in Baku; date not given—Geydar Aliyev: "I Am Not Pro-Russian, Nor Pro-Turkish"]

[FBIS Translated Text] [De Chikoff] The recent attempted coup in Azerbaijan is like a bad movie: A deputy interior minister beat up the public prosecutor while the paramilitary troops in the provinces rebelled. Can you explain to us what happened?

[Aliyev] I can assure you that the coup d'etat was planned. In the first phase, 70 men from the Interior Ministry special forces, armed with machine-guns and grenade-launchers, burst into the public prosecutor's office. They took up position on the roof of the prosecutor's office and in the surrounding buildings.

In the second phase, while we were trying to contain the initial focus of rebellion in Ganja, paramilitary units occupied key positions in the city and neutralized the local authorities. I now know from a reliable source that this uprising was organized by Suret Guseynov, my prime minister (since ousted—LE FIGARO editor's note).

[De Chikoff] You say that the attempted coup d'etat is not the work of "professionals." However, in 1993, the same man overthrew your predecessor Abulfaz Elchibey. Has Suret Guseynov this time clashed with somebody stronger than him?

[Aliyev] If the rebels had taken the trouble to consider that it is Aliyev who is now the head of state, they would not have started this adventure. They have overlooked three factors: The state is no longer weak; the president of Azerbaijan has authority; and the population supports him. Even in the most tense periods in the past few days, I laughed when I thought of the insurgents' errors of judgment.

[De Chikoff] When two of your close aides were murdered, shortly before this attempted coup d'etat, you emphatically reaffirmed the oil contract which Azerbaijan had signed with an international consortium, which is making Moscow gnash its teeth. Was the attempted putsch linked to the contract?

[Aliyev] It is possible to think that the events which followed the signing of the contract are merely coincidental. But they can also be seen as a logical progression. The contract was signed on 20 September. The previous day, the deputy speaker of parliament and the head of the intelligence services were assassinated. On 2 October, armed troops occupied the prosecutor's office. On 4 October, rioters invaded Ganja. All these facts come together and aim to threaten Azerbaijan's independence by overthrowing the existing government which is its guarantor.

[De Chikoff] Are you not risking annoying Moscow?

[Aliyev] There are probably people, groups, or parties in Moscow who are not pleased. But, you know, I have too long a political career behind me to worry about that. If Azerbaijan wishes to be an independent state, and it is in its interest to do so, we must protect ourselves from possible attacks on our sovereignty. If, however, we accept satellite status, it is pointless to continue to talk of independence.

[De Chikoff] When you returned to power in 1993, your opponents said that you were "Moscow's man." You are now virtually more pro-Turkish than Abulfaz Elchibey. Have you changed your opinion?

[Aliyev] The people who said that I would pursue a pro-Russian policy lacked both experience and intelligence. I am neither pro-Russian nor pro-Turkish. I pursue a policy of independence. Azerbaijan must not lag behind anybody and must establish multilateral relations. We have signed a partnership program with NATO, but this does not mean that we are joining a bloc. I have brought Azerbaijan back into the CIS, but we are also participating in the Islamic Conference.

[De Chikoff] The opposition gave you its support during the attempted uprising. Will your attitude toward it change in view of this demonstration of civic spirit?

[Aliyev] The opposition supported me? Where did you see that? During the meeting to which I invited the population and all the parties, it was dark and you could not make out people's faces. It was only later, when the rebellion was crushed and the rebels prevented from doing any harm, that I read in the press that the opposition condemned the putsch. I stand by my position. I accept opposition if it is constructive. But many movements, including the Azerbaijani People's Front, maintain armed groups, and that is unacceptable. We will end the activities of these paramilitary units. They must hand over their weapons.

[De Chikoff] What do you think of Russia's policy in the Caucasus?

[Aliyev] The Caucasus is a complex region with many ethnic conflicts, open or veiled. A responsible state should approach this part of the world with a long-term vision and respect for its special characteristics.

[De Chikoff] Does this mean that Moscow lacks both perspective and finesse in its approach?

[Aliyev] I have enough of my own problems not to interfere in those of others.

Coup-Related Purges Announced

NC1110200094 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 11 Oct 94

[FBIS Translated Text] Information: The following staffers at the Council of Ministers have been relieved of their posts due to shortcomings in their work: Ilyas Hajiyev, director of cabinet affairs; Vagif Nakhiyev, first deputy director of cabinet affairs; Azer Mesimov, director of the Secretariat; Arif Kerimov, director of the Office of Inter-regional Economic Ties; Enver Gafarli, head of the press center; Rusvet Bayramov, editor of RESPUBLIKA paper; Shamil Shamilov, aide to the prime minister; Arif Suleymanov, reader.

The following staffers at the Council of Ministers' Office of Military and Disciplinary Organs have been relieved of their posts for their connection with the 3-5 October events: Rovshen Yusufov, head of the office; Eldar Israfilov, deputy head of the office; Kamil Bagirov, senior reader; Oktar Aliyev, senior reader; Rasif Yusifov, senior reader; Galib Mamedov, senior reader; Vahid Tajibov, senior reader; Rasul Suleymanov, reader; Musa Khudiyev, reader.

The National Security Ministry's organs are conducting an investigation into the latest events and taking serious disciplinary measures against servicemen who displayed indifference and irresponsibility in carrying out their duties. Eight staffers were expelled from the National Security Ministry, and 56 persons were removed from their posts in the last two weeks. Fifteen of them were leading cadres, including Lieutenant Colonel Takhizade, acting head of the former investigation department; Colonel Kerimov, deputy head of the same department; Lieutenant Colonel Iskenderov, head of the Cadres Department; and Senior Lieutenant Heydarov, acting head of the isolation ward for interrogations.

Criminal proceedings have been instituted against five servicemen, including Lieutenant Colonel Babayev, head of Gedebe Rayon department of the National Security Ministry.

Police Colonel Ilgar Sefikhanov, head of Interpol's national bureau in Azerbaijan; Police Colonel Ildar Hasanov, head of the Police Department of Ganja; Police Major Shahin Guseyinov, head of the Investigation Department of the same organization; Police Captain Elman Shirinov, head of the struggle against drug addiction and narcotrafficking; Police Captain Chapay Ahmedov, head of the State Highway Police; Police Colonel Fakhrettin Ismailov, head of the police department in Nizami District of Ganja; and Police Colonel Meherrem Mamedov, head of the police department of Kepez District of Ganja were relieved from their posts for leading the rebels during the coup attempt in Ganja on 4 October 1994, for direct involvement in the events, and for negligence in their duties.

Police Colonel Ramiz Chihangirov, chief of the headquarters of the Interior Ministry, has been relieved of his post for regularly providing distorted information to the leadership of the Interior Ministry in connection with the situation in Ganja.

Ganja Emergency Commander Appointed

NC1110175094 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 11 Oct 94

[FBIS Translated Text] Natig Islam ogly Efendiyev, head of the police department of the city of Ganja, has been appointed the commandant of the state of emergency region of the city of Ganja by Azerbaijani President Geydar Aliyev's decree on the Commandant of the State of Emergency Region of the City of Ganja and in accordance with Article 6 of Azerbaijan Republic's state of emergency law.

Aliyev To Hasten To Remove Opponents

MM1210084194 Moscow KRASNAYA ZVEZDA in Russian 12 Oct 94 p 3

[Report by Aleksandr Pelts: "'State of Emergency' Regime Introduced in Ganja Too. While in Baku Number of Sacked High-Ranking Officials Is Rising"]

[FBIS Translated Text] So, there has been no coup d'etat in Azerbaijan. Although one was attempted—that fact has been established by the republic military prosecutor's office. During the emergent "set-tos" over 100 active participants in the "events in Ganja" have already been arrested and almost 200 firearms of various kinds confiscated. In Ganja itself a state of emergency and curfew were introduced at midnight 11 October by edict of Geydar Aliyev . The result being that for two months the republic's two largest cities—Baku and Ganja—will be living under "state of emergency" conditions.

In principle there is no particular need for this. Yesterday's rebels are not obviously resisting the authorities. What is more, prominent members of their camp are making extremely unusual statements. Thus, for instance, ex-premier Suret Guseynov said in response to charges brought against him that "he was not planning anything bad." His kinsmen have supposedly "played up" but he is not accountable for them.

But someone will most likely have to be accountable for the bloodshed. And not only Guseynov. The number of high-ranking officials from various state apparatus structures—the General Prosecutor's Office, the MVD [Ministry of Internal Affairs], the parliament, and so on—who have been sacked is rising in Baku. The bulk of the names of possible participants in the plot is not being divulged in the interests of the investigation.

Well, Geydar Aliyev has a good opportunity to remove numerous opponents and noticeably reinforce his position. I do not think there will be any delay with this.

The business of the "project of the century"—Azerbaijan's agreement with major Western oil companies to explore three large fields—is more tricky. Many observers are openly saying that the attempted coup d'etat was thoroughly "mixed up" with this project. The internal clashes have now been resolved. But the "external factor"—Russian interests—remains. And here it is very important for Aliyev to be cautious and show political tact. He most likely has a definitive discussion on this topic ahead of him. But at the moment Geydar Aliyev has won Russian President Boris Yeltsin's support in his endeavor to "restore due order in his own home." This support was voiced during a telephone conversation between the two countries' leaders. This inspires hope that Russia and Azerbaijan will ultimately secure mutual understanding on other questions too, including the oil project.

Aliyev Calls on CSCE for Nagorno-Karabakh Peace

NC1110182594 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 11 Oct 94

[FBIS Translated Text] President Geydar Aliyev has said that he attributes great importance to the visit of the CSCE Minsk Group members, who arrived in the republic (?this morning). He also noted the need to continue the negotiating process. The president indicated that the five-month-long cease-fire is an important factor and a step on the way of preparing the Major Political Agreement.

Per Anderman, deputy chairman of the Minsk Group, expressed his uneasiness over the latest developments in the republic and indicated that these anxieties have now been overcome by the people's will and tenacity and their overwhelming trust in the president. He informed President Geydar Aliyev on the CSCE delegation's new composition. It was stressed that during all the latest meetings Azerbaijan favored the deployment of international peace-keeping forces in the region. Per Anderman said that the observance of the cease-fire for the last five months also shows that there is a great need for direct talks between the sides. The presence of the representatives of the United States, France, Italy, Turkey, and the United Nations at the talks creates a real opportunity for taking concrete steps. The work to be carried out by the representatives and expert groups that will visit our republic in ten days will greatly assist in the formulation of concrete proposals.

The president indicated the special importance of this visit to our republic by the Minsk Group with its new composition and by the deputy chairman of the group Per Anderman.

[Begin Aliyev recording] I gather from today's meeting that these international organizations—not only the CSCE and the Minsk Group but also the UN—are exerting efforts for the solution of the problem. I heartily welcome this and express my satisfaction. However, I again want to state that we want concrete results. We have not achieved any results so far. Our only achievement has been the establishment of the cease-fire and its observation for five months. However, I have stated often that if the problems are not solved thoroughly, the cease-fire would only mean the freezing of the situation and the occupation of our lands. We cannot consent to this. Therefore, I expect effective activity and concrete results from you, from the Minsk Group, and CSCE. [end recording]

Gasanov on Increased CSCE Role

LD1110173694 Moscow INTERFAX in English 1535 GMT 11 Oct 94

[FBIS Transcribed Text] Azerbaijan still believes that mediatory and peacekeeping activities for settling the Karabakh conflict must be carried out within the scope of the CSCE, Azerbaijani Foreign Minister Gasan Gasanov told Interfax. He said he believed that the role of the CSCE must be strengthened.

A delegation of the CSCE Minsk Group on Nagorno Karabakh led by Swedish diplomat Per Anderman arrived in Baku today.

During his meeting with the delegation Gasanov said that to liberate the towns of Shusha (in Nagorno Karabakh) and Lachin from Armenian troops was a "task of strategic importance." He said without this it would be extremely hard too achieve peace settlement of the Azerbaijani-Armenian conflict.

The Russian president's Special Envoy for Settlement in Nagorno Karabakh Vladimir Kazimirov told Interfax last week that the Russian Foreign Ministry was "not satisfied" with activities of the CSCE Minsk Group on Nagorno Karabakh. "Some partners of Russia in the CSCE Minsk Group do not like very much to deal with the basic issues of the settlement. They pay much more attention to the so-called distribution of roles," he added. At the same time, Kazimirov stressed that such observations on the CSCE Minsk Group should not be interpreted as discord with the CSCE.

Minsk Group Chairman Comments

NC1110163294 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1300 GMT 11 Oct 94

[FBIS Translated Text] The chairman of CSCE Minsk Group for the solution of the Karabakh conflict and representatives of various countries paid several visits to Baku, Yerevan, and the conflict zone in the past. Except for a temporary cease-fire, there were no serious advances toward solving the conflict during these meetings and talks. The pullout of Armenian Armed Forces from Azerbaijani territory is one of the basic conditions for the resolution of the conflict. Our correspondent reports:

[Unidentified correspondent] A delegation led by the deputy chairman of the CSCE Minsk Group Per Anderman held a meeting at the Azerbaijani Foreign Ministry on the first day of its official visit to our republic.

Deputy Chairman of CSCE Minsk Group Per Anderman noted that this is the group's first visit to the region since the latest session of the CSCE, and this time the delegation includes representatives of the three major member countries of CSCE as well as of a number of international organizations. What is pleasing is that the UN representative in the republic will work together with the guests during their visit.

Speaking on CSCE's role in resolving the conflict in the region, Per Anderman did not hide the fact that important changes will take place in this regard with the appointment of Jan Eliasson, chairman of the CSCE Minsk Group, to a new post. He noted that as chairman of the Minsk Group and deputy foreign minister of Sweden, Eliasson now has wide jurisdictions within the CSCE. Group's present visit to the region is to clarify and examine a series of problems perturbing the sides. This will enable the CSCE to take resolute measures in the near future.

Per Anderman said that the members of the delegation will hold talks with the local military specialists and experts in order to extend the cease-fire and will familiarize themselves with the situation in the border region and meet with refugees.

Upon learning the aim of the guests' visit, republic Foreign Minister Gasan Gasanov stressed that the CSCE Minsk Group's activities basically coincide with the position of Azerbaijan, and he stated that he welcomes the joint effort by this group and international organizations to completely stop the war.

In expressing the concrete position of the Azerbaijani side on the resolution of the conflict, Foreign Minister Gasan Gasanov also felt the need to touch upon a number of issues. He noted that at present the cease-fire is being observed at the fronts. This has also put the Armenian side at ease. However, we demand not only the continuation of the cease-fire but also the speedy withdrawal of the aggressive forces from the occupied lands. Unfortunately, the opposing side is refusing to make concrete moves on this issue; instead, Armenia is not even complying with the resolutions of the talks. On the other hand, the international organizations think that the resolution of the problem could be sought without reference to Shusha and Lachin. But this problem is not of secondary importance but of primary, even strategic, importance for us. This is because their occupation of Lachin, which acts as a corridor between Nagorno-Karabakh and Armenia, will create conditions for the transfer of military hardware to the region and thus for the prolongation of the conflict.

Foreign Minister Gasan Gasanov told the delegation firmly that there can be no talk of a resolution of the conflict without the liberation of Shusha and Lachin. Everything should start from this point, and the international organizations should first of all direct their attention to this problem.

Defense Ministry Warns 'Advancing' Armenian Units

LD1110135994 Moscow ITAR-TASS World Service in Russian 1301 GMT 11 Oct 94

[By ITAR-TASS correspondents Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Translated Text] Baku, 11 Oct—Armenian armed units moved up to a dangerous distance, about 100 meters from Azeri positions, in a number of sectors in Azerbaijan's Geranboyskiy Rayon on Monday. This was announced today by the Azerbaijani Defense Ministry, which said that the Armenian side was thereby trying to provoke a clash with Azerbaijan's Armed Forces.

The Azerbaijani Defense Ministry reports that subunits of the national Army have not yet opened fire on the advancing enemy. However, the Azerbaijani Armed Forces command warns that if the Armenian armed subunits do not return to their previous positions immediately, the Azerbaijani side reserves the right to take retaliatory measures. The Azerbaijani defense minister declares that Armenia and its Armed Forces will be wholly responsible for the consequences.

Gasanov Insists Armenians Depart Shusha, Lachin

LD1210140394 Moscow INTERFAX in English 1221 GMT 12 Oct 94

[FBIS Transcribed Text] Azerbaijani Foreign Minister Gasan Gasanov believes that if Armenian formations do not leave the cities of Shusha and Lachin the Karabakh conflict will remain unsettled.

Shusha and Lachin are of strategic, not tactical importance for Azerbaijan, he told Interfax on Tuesday.

The mediator-countries must not think that at the first stage of settlement one can do without the liberation of Shusha and Lachin, or that Azerbaijan may surrender these cities, he said.

Azerbaijan began to insist on the liberation of Lachin and Shusha, a Karabakh city which was predominantly Azerbaijani before the conflict, after the Armenian side agreed to leave the other earlier occupied territories: the Kelbadzhar, Agdam, Fizuli, Dzhebrail, Kubatly and Zangelan regions.

Gasanov stated that if the Lachin corridor linking Karabakh and Armenia remained under Armenian control, military supplies to Karabakh would inevitably increase.

Parliament Session Opens 11 Oct

Debates Oilfield Contract

NC1110185394 Baku AZERTAC in English 1605 GMT 11 Oct 94

[FBIS Transcribed Text] Baku, October, 11 (AZERTAC)—Today the National Assembly (parliament) of Azerbaijan started to consider issues concerned with forthcoming ratification on the oil contract on joint development of Caspian Sea oil-fields. MP's brought up a number of proposals on submission of the contract to referendum, more detailed study of Russia's attitude to the signed agreement and study of agreements on the Caspian Sea status.

The National Assembly rejected the proposal about referendum explaining that in accordance with international practice agreements of this kind are subjected to the parliament's ratification. Moreover the contract contains data that is a commercial secret, divulgence of which interferes with country's interests. The MP's agreed in their views that this document is subjected to thorough consideration and analysis in order to observe national interests of Azerbaijan.

President of SOCAR [National Petroleum Company of Azerbaijan] Natig Aliyev made a report on significance of the oil contract for the Azerbaijan's future.

Adopts Decree on Ganja

NC1110164694 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1300 GMT 11 Oct 94

[FBIS Translated Text] The National Assembly continued its deliberations today with the debate on the agreement signed between the republic's State Oil Company and the consortium of oil firms on 20 September. Natig Aliyev, president of the State Oil Company, briefed the session on the matter.

The deputies approved the president's decree on the introduction of a state of emergency in Ganja.

Eldar Ibrahimov, first deputy prime minister of the Nakhichevan Autonomous Republic, was elected a member of the National Assembly.

The National Assembly is continuing its work.

Guseynov's Brother Implicated in Wool Case

NC1110190594 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 11 Oct 94

[Statement by the Interior Ministry press service; date not given—read by announcer]

[FBIS Translated Text] The Interior Ministry organs are continuing measures in connection with the developments surrounding the coup attempt in Ganja and Yevlakh.

Four grenade launchers and other military hardware were seized during a search of Apartment 34 of Building No. 9 in Baku's 4th Karashehir district. According to a statement by the owner of the house, these arms belong to two tenants from Ganja, to the driver and bodyguard of Ilgar Safikhanov, former head of Interpol's bureau in Azerbaijan, who actively participated in the Ganja events. An investigation has been launched into the case.

Some 200 tons of wool were seized in the city of Zazali in Samukh rayon. An illegally-kept automatic weapon was seized from Ramiz Nuriyev, who was keeping the wool. An investigation has been launched. The investigation showed that the wool belongs to Asef Guseynov, the brother of former prime minister.

Georgia

Shevardnadze Claims Aversion of Azeri Scenario

LD0910142894 Moscow INTERFAX in English 1341 GMT 9 Oct 94

[FBIS Transcribed Text] Georgian leader Eduard Shevardnadze said that events in Georgia late in September were to take place on the same scenario as in Azerbaijan, if he did not raise in parliament the question about his resignation. Addressing Saturday in Tbilisi at the conference of the Union of Georgian Citizens organization, of which he is the chairman, Shavardnadze said that this was the reason why he did not go the the UN General Assembly.

Speaking about Abkhazia, he said that the war has no future, and everybody should understand this.

Speaking about the settlement of the Georgian-Ossetian conflict, Shevardnadze said that the conflict was a shameful page in Georgia's history.

We should solve the problem using all means he said.

Shevardnadze also spoke about the elections to the Georgian parliament to be held in a year.

He believes that the Union of Georgia Citizens practically has no rivals because the organization is moving along the path of construction, and he expressed confidence that 70-80 percent of the population will support the Union of Georgian Citizens.

Expresses Support for Presidential System

LD1010183294 Moscow INTERFAX in English 1554 GMT 10 Oct 94

[FBIS Transcribed Text] Georgian leader Eduard Shevardnadze told national radio on Monday that Georgia needed a president. He is convinced that presidency will not infringe on the powers of the parliament and that a balanced system of authority will be guaranteed by a new constitution. He described the adoption of a new constitution as one of the priority tasks.

As usual, he put the strongest accent on the problem of Abkhazian settlement and commented on the reports about the plans of a group of Georgian deputies, including former premier and defense minister Tenghiz Sigua and Tenghiz Kitovani, to establish a political organization with the purpose of liberating Abkhazia. "Although the process of settlement is taking too much time, there are no reasons for changing the course," he said.

Having noted that the goals of the new movement were not quite clear to him, he said: "Only organizations which will promote the peaceful settlement must be set up."

He confirmed that peaceful settlement of the conflicts in Abkhazia and South Ossetia had no alternative and that external forces, above all Russia, were also interested in the earliest possible settlement of these conflicts.

IF Note: Addressing the conference of the Union of Georgian Citizens, which he chairs, Shevardnadze said that the war in Abkhazia and South Ossetia had no future and that everybody must understand this. Abkhazian Vice Premier Enver Kapba told Interfax on Monday that the return of the Georgian refugees to Abkhazia would begin in the morning of October 11. He also said that the first group of refugees from the Gali Region was to cross the Georgian-Abkhazian border at 11:00. Kapba did not say how many refugees would return to their homes on Tuesday. The Abkhazian authorities are considering about 100 refugee family questionnaires and the possibility of allowing 394 people to return home. Tbilisi reports that there are 296,932 refugees officially registered in Georgia.

Welcoming the participants in the World Congress of Georgians, which opened in Tbilisi on Monday, Shevardnadze said that for the first time over Georgia's history of 3,000 years, representatives of the Georgian diaspora from 34 countries, among them Christians, Muslims and members of other confessions, had gathered in the Georgian capital. He said that this had become possible due to the cardinal changes in the world over the past few years and due to the fact that the world was no longer divided into antagonistic camps.

He expressed confidence that Georgia would overcome the time of trials and enter the 21st century united and prosperous.

Comments on Future System of Government

LD1010115294 Tbilisi IPRINDA in Russian 1100 GMT 10 Oct 94

[FBIS Translated Text] Tbilisi (IPRINDA)—In his regular interview today with Georgian radio, Eduard Shevardnadze outlined the most important tasks which require urgent solution. They include overcoming the crisis in the country, adopting a new constitution, implementing economic reforms, and restoring Georgian territorial integrity. The head of state reiterated that the Georgian-Ossetian and Georgian-Abkhaz conflicts can only be settled by peaceful political means. In Shevardnadze's opinion, there is no alternative to this.

He stressed that the Georgian side is in daily contact with Russia. He said that a telephone conversation was held this morning between the Georgian and Russian defense ministers, which discussed the current situation and steps which must be taken. Shevardnadze noted that there is also daily contact with various international organizations.

In closing the subject of conflicts, he noted that although in the past external forces have played a negative role in the conflicts, now they—including Russia—are interested in a peaceful settlement.

Discussing the new draft constitution, the head of state said that it is being drafted with the active participation of foreign experts. He added that Georgian experts would soon finish their consultations abroad. As regards the constitution, it is to determine fundamental principles of the state, including elections. In Shevardnadze's opinion, it is a little too early for an election fever to start now. As for the future system of government in Georgia (presidential parliamentary, etc), he noted that it is up to the country's people to decide.

Touching upon economic issues, Shevardnadze noted that the main task is to look after the budget. It is essential that enterprises resume work and goods are produced. He said that only in this case can one count on Western support.

We will say goodbye to all those who are not thinking about the country's welfare and are hindering the implementation of reforms, he said.

Announces Extension of CSCE Mandate

LD0710190094 Moscow ITAR-TASS in English 1847 GMT 7 Oct 94

[By Georgian News Agency correspondent - TASS]

[FBIS Transcribed Text] Tbilisi October 7 TASS—The mandate of a CSCE mission in Georgia has been prolonged for six months, mission head Hans-Jorg Eiff told Georgian leader Eduard Shevardnadze today.

The meeting focused on regional problems, including that of the Tskhinvali area, and ways of their settlement. The Georgian and Ossetian sides still have differences, but Tskhinvali is thinking about the beginning of peace negotiations and looking for ways for rapprochement with the Georgian side, said Eiff. This opinion is shared by Shevardnadze who stressed that this chance should not be missed.

Georgia Not Ready for Abkhaz Refugee Return

LD1110160294 Moscow ITAR-TASS World Service in Russian 1234 GMT 11 Oct 94

[By ITAR-TASS correspondent Irina Shchegoleva]

[Excerpt] Sochi, 11 October—The return of refugees to Abkhazia's Gali rayon from Georgia's Zugdidi rayon, which was due today, has been postponed "because the Georgian side is not ready to go ahead with the return". According to the Abkhazian press and information ministry, Ruslan Kishmariya, the head of the Gali administration, has learnt this from a UNHCR representative Turre.

Meanwhile, Enver Kapba, deputy chairman of the Abkhazian council of ministers, said that the Abkhazian government had examined applications from refugees and agreed to the return of 60 people to the rayon center of Gali. The head of the administration of Gali region said that out of those 60 only 30 had agreed to go back. [passage omitted]

200 Refugees To Return to Abkhazia

LD1010174494 Moscow ITAR-TASS in English 1620 GMT 10 Oct 94

[By ITAR-TASS correspondent Albert Kochetkov]

[FBIS Transcribed Text] Tbilisi October 10 TASS—Abkhazian authorities have allowed 50 Georgian families—about 200 people—to return to their homes in the Gali District of Abkhazia.

Georgian officials in Tbilisi refused to either confirm or deny this information provided by well informed sources, blaming the severance of communication with Zugdidi where the majority of Abkhazia's refugees are staying.

However, Georgian Defence Minister Lieutenant-General Vardiko Nadibaidze indirectly confirmed the report in an interview with Georgian television. He said that during his meeting with Abkhazian leader Vladislav Ardzinba the latter reaffirmed Abkhazia's readiness to receive refugees. At the same time, Ardzinba conditioned the return of refugees on the beginning of the withdrawal of Georgian troops and military equipment from the Kodor gorge.

The withdrawal of Georgian armed units has been underway for some while already. The operation is being carried out by Russian peace-keeping forces with the participation of U.N. military observers and representatives of the warring sides.

Abkhazia Claims Right To Bar Refugees

LD1010154494 Moscow ITAR-TASS in English 1525 GMT 10 Oct 94

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow October 10 TASS—40 Georgian families will return to the Gali district of Abkhazia on Tuesday, According to Abkhazian First Deputy Prime Minister Sergey Bagapsh who said the return would "signal the beginning of an active peaceful settlement in the zone of the Georgian-Abkhazian conflict".

He told TASS by telephone on Monday that "the process of the return of refugees acquires a massive character", but warned that Abkhazia may bar the process in case terrorists infiltrate the republic posing for refugees.

Abkhazia is allowing only those Georgians back who did not participate in the war against it. "Over 30 thousand refugees have returned to Abkhazia already. They are those who did not stain themselves with blood, looting or violence during combat activities", Bagapsh said.

However, he added that "if terrorist groups appear in the area where refugees settle down and begin to impede peaceful life, the republic retains the right to suspend the process of the return (of refugees)".

Bagapsh denied reports of some Russian mass media that Russian peace-keepers in the conflict zone would be vested with police powers. "The information contradicts the real state of things and can trigger new illegal activities of extremist and nationalistic forces aiming to raise tensions between the peace-keepers and local residents and to bar the peaceful settlement process", he said.

Abkhaz Equipment Reported Blown Up in Gali Rayon

LD0810154694 Tbilisi IPRINDA in Russian 1430 GMT 8 Oct 94

[FBIS Translated Text] Zugdidi (IPRINDA)—On 8 October an IPRINDA correspondent was told at the center for securing information on the settlement of the Abkhazian conflict that two units of heavy armored equipment belonging to the Abkhaz side were blown up by still unidentified persons in the Gali Rayon village of Nabakevi. In the same village, the Abkhaz militia burned down up to 10 houses belonging to ethnic Georgians on 7 October. The Russian peacekeepers stationed in the region have ignored both incidents.

Ardzinba: Abkhazia Does Not Need Russian Help

LD1110194494 Moscow ITAR-TASS in English 1915 GMT 11 Oct 94

[By Georgian news agency correspondent—TASS]

[FBIS Transcribed Text] Tbilisi October 11 TASS—Abkhazian leader Vladislav Ardzinba has said Abkhazia has a strong militia and does not need help of Russian peace-makers to keep order in the Kodori ravine, the Georgian news agency reports. He has actually confirmed the introduction of Abkhazian troops in the ravine after the withdrawal of Georgian units from there.

According to the Georgian news agency, commander of Russian peace-makers in the Georgian-Abkhazian conflict zone General Vasiliy Yakushev told correspondents they have revealed an ammunition storage in the Kodori ravine during the withdrawal of heavy materiel from the area. The storage will be destroyed.

Local Georgians blasted a road section in the Kodori ravine to prevent the Abkhazian access in the strategic area.

Abkhazians Block Russian Peacekeeper Convoy

LD0710181994 Moscow INTERFAX in English 1445 GMT 7 Oct 94

[FBIS Transcribed Text] The Abkhazian authorities did not allow a truck convoy of the Russian peacekeeping forces carrying diesel fuel from Georgia into Abkhazia on October 6 to continue on its route, Sergey Dbar, Abkhazian army's chief of general staff, told Interfax.

He said that the reason was that the convoy was accompanied by Georgian nationals serving on the force by contract.

Dbar emphasized that nearly 300 Georgian citizens were still serving on the peacekeeping units stationed in the Zugdidi District of Georgia, despite repeated Abkhazian protests.

He said that restoration of the road between the villages of Lata and Adzhara had started Friday but the local Svani population staged a protest rally.

In Dbar's words, the legal authorities of Abkhazia will soon return to the Kodori Ravine.

Call for Terrorist Executions Criticized

LD0810191394 Tbilisi First Program Television Network in Georgian 1700 GMT 8 Oct 94

[FBIS Translated Excerpt] Although the main attribute of democratic state construction should be strict adherence to the internationally recognized norms of human rights protection, you would probably agree with me that Georgia has failed so far to establish and operate a perfect system in this respect.

This and other questions were discussed at a news conference held today by the Human Rights Committee. The committee chairman, Aleksandre Kavsadze, examined information published by the Human Rights Watch in August 1994 claiming that Eduard Shevardnadze had openly called on the court to pass a death sentence on participants in a terrorist act in Tbilisi carried out on 13 June 1992. The Human Rights Watch quotes Eduard Shevardnadze's radio interview, published in the newspaper SAKARTVELOS RESPUBLIKA on 30 November 1993 as a source for this information.

Aleksander Kavsadze called on the organization's executive director, Mr. Jeri Laber, to try to find an appropriate form of expressing his attitude toward this mistake.

The committee chairman went on to examine material from Amnesty International, focusing on the death penalty. He said that the death penalty is a great sin and that it is a heavy burden on society's shoulders, arousing [word indistinct] instincts. According to Mr. Kavsadze, not a single death sentence was carried out in Georgia in 1993. As a result of an application from the clemency commission, the Georgian government had commuted 13 death sentences. [passage omitted]

Ethnic Relations Minister on Human Rights

LD0810161294 Tbilisi IPRINDA in Russian 1430 GMT 8 Oct 94

[FBIS Translated Text] Tbilisi (IPRINDA) [no dateline as received]—Aleksandre Kavsadze, the chairman of the Georgian Committee on Human Rights and Interethnic Relations, held a news conference in Tbilisi today. He briefed journalists about a statement "On Human Rights Violation in Georgia" prepared by the association, Human Race. Kavsadze said that according to an agreement reached with the law-enforcement bodies, committee employees will be permitted to visit convicts in prisons and isolation wards.

Responding to a question on the process of the return of refugees to Abkhazia and a comment that security was not always guaranteed, Kavsadze said that not a single refugee will cross the border at the Inguri River without prior coordination of the issue of guarantees between the committee and the UN mission.

Country Unable To Pay Off $800 Million Foreign Debt

Tbilisi REZONANSI in Georgian 1-2 Oct p 5

[Unattributed report under rubric "Business/Finances": "Georgia Is a Country That Cannot Pay"]

[FBIS Translated Text] Over the last three years, Georgia's foreign debt has amounted to $800 million, of which $200 million are extended credits. As a POST FACTUM correspondent was informed in the republic's Committee for Foreign Economic Relations, Georgia will be unable to pay off this debt in the near future. This forecast is based on the view that, in the last few years, Georgia's national income has fallen significantly and this crisis is continuing.

Gas Supplies To Be Negotiated With Tehran

LD0710151694 Moscow INTERFAX in English 1146 GMT 7 Oct 94

[FBIS Transcribed Text] Georgia will negotiate gas supplies from Tehran for individual customers, sources say. A Georgian government delegation has already left for Tehran for talks.

A future contract for supplying 650,000,000 cubic meters of gas is estimated at $50,000,000. Gas will be supplied under an Iranian government credit, at about $87 per 1000 cubic meters.

Earlier Russia offered Georgia gas for $55 per 1000 cubic meters. The Georgian gas department Gruzgaz has preferred Iran, because Moscow would like to start receiving payments as of next year under a 20,000,000,000 ruble credit, whereas Tehran is prepared to wait for three years. The Gruzgaz official said that Georgia had decided to use the Russian credit to buy black oil.

Georgia is to allow Azerbaijan to have 65,000,000 cubic meters of Iranian gas in payment for transit.

Azerbaijan's thermal power stations will receive 185 million cubic meters of Iranian gas. They will generate 405 million kWh hours of energy for Georgia.

Baku also pledged to supply Georgia with 250,000 tonnes of black oil for the Tbilisi thermal power station.

Fire at Tbilisi Television Puts Station Off Air

LD1210111294 Moscow Radio Rossii Network in Russian 0900 GMT 12 Oct 94

[FBIS Translated Text] Last night, a fierce fire broke out at the Tbilisi television tower. Our correspondent Nikolay Mamulashvili reports from Tbilisi that the fire has engulfed the administrative and technical offices, including the apparatus room, at a height of 180 meters. For the time being, the Georgian firemen do not have any technical means to extinguish a fire at this height. Georgian television has gone off the air. According to preliminary reports, there are no casualties.

Ajaria Accuses Tbilisi of Denying Air Time

LD0910150494 Moscow INTERFAX in English 1341 GMT 9 Oct 94

[FBIS Transcribed Text] Chairman of the parliament of Ajaria (an autonomous republic within Georgia) Aslan Abashidze accused Tbilisi of denying the right of Ajar television to have daily ten minutes for broadcasting on Georgian television. He told journalists that he had repeatedly applied to several organizations, to the Georgian leader and the heads of the Georgian TV and Radio Department on the issue.

Abashidze said he believed that this was done on purpose in order to prevent revealing true information on developments in Ajaria.

He said that this gave a rise to various rumors and allegations on events in Ajaria sometimes going as far as blaming Ajaria for separatist tendencies.

When asked if he was going to visit Tbilisi where he had not been for two years, Abashidze said it was practically impossible to do this in the near future.

He said terror was reigning in Tbilisi and his visit might trigger off provocative moves or there might even be a terrorist act against him carried out by "some forces."

Abashidze said there had already been an assassination attempt on his life in Batumi. He added that a sharpshooter had recently been arrested who had been supposed to carry out a terrorist act against him.

Abashidze said he believed that this ought to have been done on orders from Tbilisi given by those who, by the way, also opposed the head of state.

Estonia

Central Bank President Nominated for Premiership

LD1010201294 Tallinn Radio Tallinn Network in Estonian 1600 GMT 10 Oct 94

[FBIS Translated Text] President Lennart Meri today submitted to the Riigikogu for approval a new candidate for the post of prime minister—Siim Kallas, president of the Bank of Estonia.

President Meri explained the choice by stating that Siim Kallas has been a key figure in the economic reforms in independent Estonia. Siim Kallas will need the support of the Riigikogu to be appointed to the post. According to the press, 40 deputies [out of 101] in the Riigikogu support Kallas. The Riigikogu voted no confidence in the departing prime minister, Mart Laar, two weeks ago.

Laar Says Russia Violates Withdrawal Agreement

WS1110095894 Tallinn BNS in English 1636 GMT 10 Oct 94

[FBIS Transcribed Text] Tallinn, Oct 10, BNS—Russia has repeatedly violated the agreement on the withdrawal of troops from Estonia, outgoing Prime Minister Mart Laar told the parliament on Monday.

In Laar's words, many former officers are living in the Baltic state without a residence permit. Defense Police have detained several retired Russian military and investigation continues, he said. Commenting on the Estonian-Russian accord on social protection of military retirees, Laar admitted that the government hadn't discussed the agreement in its entirety before it was signed July 26. In Laar's words, the Cabinet had approved some stipulations of the accord, but it had not considered the text as a whole.

"We didn't believe Russia would agree to conclude an agreement on military pensioners. Russia's consent was a surprise for the government," Laar stated.

The government had given its approval to the troop withdrawal pact before it was signed, Laar said. "Some provisions (of the agreement), however, changed in Moscow before signing," he noted.

Laar said the principal task of the juridical expertise of the agreements, besides establishing if they complied with Estonian legislation, was to clear up to which different interpretations they were open. Different political forces in Estonia, the Estonian government and Russia all have interpreted separate parts of the accords in various ways, Laar admitted. Possibly the texts of the agreements will be adjusted in cooperation with the Russian State Duma after the experts bring in their report, the premier said. In his opinion, Estonia should discuss ratification of the accords jointly with the Russian parliament.

Laar said the stipulation that Russian troops had by Aug. 31 to pull out from the entire territory under Estonia's jurisdiction ought to be added to the withdrawal agreement in the course of ratification. He didn't say in so many words if the demand had already been fulfilled.

Government To Extend Review for Russian Treaties

LD0710122094 Tallinn Radio Tallinn Network in Estonian 1000 GMT 7 Oct 94

[FBIS Translated Text] The government has decided to extend until 28 October the period for conducting expert legal study of Estonian-Russian treaties concluded in Moscow in July 1994, Ain Saarna, a government spokesman told the Baltic News Service today. Saarna said that the Justice Ministry had asked for an extension because the group of experts wanted to meet Estonian Foreign Minister Luik, who was present at the concluding of the treaties. The Justice Ministry also intends to involve specialists from outside the ministry in the expert study. The government spokesman said that a 20-page draft of the expert opinion has been drawn up already.

On 14 September the Justice Minister began an expert legal study of the agreement on Russian troop withdrawal from Estonia, the agreement on social guarantees for Russian ex-servicemen and their families, and also the agreement on dismantling the Paldiski naval and nuclear facility near Tallinn. Initially, the expert study was planned to take three weeks.

Russians Remove Rods From 2d Paldiski Reactor

WS1110095794 Tallinn BNS in English 1636 GMT 10 Oct 94

[FBIS Transcribed Text] Tallinn, Oct 10, BNS—Russian specialists completed last week the removal of fuel rods from the second nuclear reactor at the former Paldiski submarine training center, Juri Tikk, the government representative in Paldiski, told BNS today.

Tikk said the operation, including the placing of the removed rods in special containers, proceeded without snags and background radiation in Paldiski remained within allowed limits.

Russian nuclear experts opened the newer, 90-megawatt reactor in August and the 70-megawatt older reactor, in September. On both occasions the operation, generally regarded as the most hazardous stage of reactor dismantling, went without a hitch.

The nuclear fuel rods from both reactors will be taken out of Estonia at the same time in the second half of this month. The 12 special containers with the rods will be taken to the city of Krasnoyarsk in eastern Russia.

Under the Estonian-Russian agreement on decommissioning the Paldiski naval base, the two reactors have to be completely dismantled by the end of next September.

Latvia

President Meets Clinton, Yeltsin at UN

WS0710143294 Riga DIENA in Latvian 28 Sep 94 p 1

[FBIS Translated Excerpt] Riga, 27 Sep—During his visit to the UN General Assembly, Latvian President Guntis Ulmanis had the occasion to talk with U.S. President Bill Clinton and Russian President Boris Yeltsin, at a reception hosted by UN General Secretary Butrus Butrus-Ghali on Monday, the Press Information Service of the President's Office reports. Speaking with Ulmanis, Boris Yeltsin urged a reactivation of the Russian-Latvian dialogue. Both presidents also discussed the possibility of President Yeltsin visiting Latvia in 1995.

Bill Clinton, during his conversation with Ulmanis, recalled his recent visit to Riga, referring to it as one of the most significant events of his life. He also voiced satisfaction over the withdrawal of Russian troops and made assurances that after regaining its independence, Latvia will never be included in any state's sphere of influence.

On the same day, Ulmanis met with Romanian President Ion Iliescu. The Romanian president definitely supported Latvia's wish to join the European Council. The presidents discussed an already prepared set of interstate agreements and agreed to work toward establishing diplomatic relations between the two countries. Iliescu invited Ulmanis to visit Romania.

President Ulmanis also met on Monday with James Gustav Spet, chief of the UN Development Program for Latvia, and with Nicaraguan President Violeta Chamorro. [passage omitted]

Today, the president has already met with Ukrainian Foreign Minister Hennadiy Udovenko, who invited him to pay an official visit to Kiev. Ulmanis accepted the invitation and, in return, invited the Ukrainian president to visit Latvia. Udovenko reported that there is currently pressure being applied on Ukraine regarding rights for the Russian-speaking population. For his part, the Latvian foreign affairs minister emphasized that there are 12 agreements on cooperation between Latvia and Ukraine ready to sign. [passage omitted]

Lithuania

Foreign Minister Concerned Over Iraqi Troop Movements

LD1010224194 Moscow ITAR-TASS World Service in Russian 1726 GMT 10 Oct 94

[By ITAR-TASS correspondent Vladas Burbulis]

[FBIS Translated Text] Vilnius, 10 Oct—A statement by the Lithuanian foreign minister, released here today, expressed the Lithuanian Government's concern in connection with the Iraqi Army concentration at the border with Kuwait. The movement of Iraqi military subunits toward Kuwait may be seen as an attempt by the Baghdad authorities to influence the UN, so that the international organization lifts the sanctions against Iraq, the document states. The statement notes "we are suggesting to the leaders of Iraq that they conduct their policies on the basis of the norms of international law and that they rigorously abide by the UN's resolutions."

"The Lithuanian Government approves of the efforts made by the international community to guarantee the independence of Kuwait and the inviolability of its borders," it stresses.

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